

AGORA'S

BIG
BLACK BOOK

A COMPENDIUM OF "TRADE SECRETS" ABOUT
WRITING, MARKETING, AND MANAGING

Compiled by
Mark Morgan Ford & Rocky Vega

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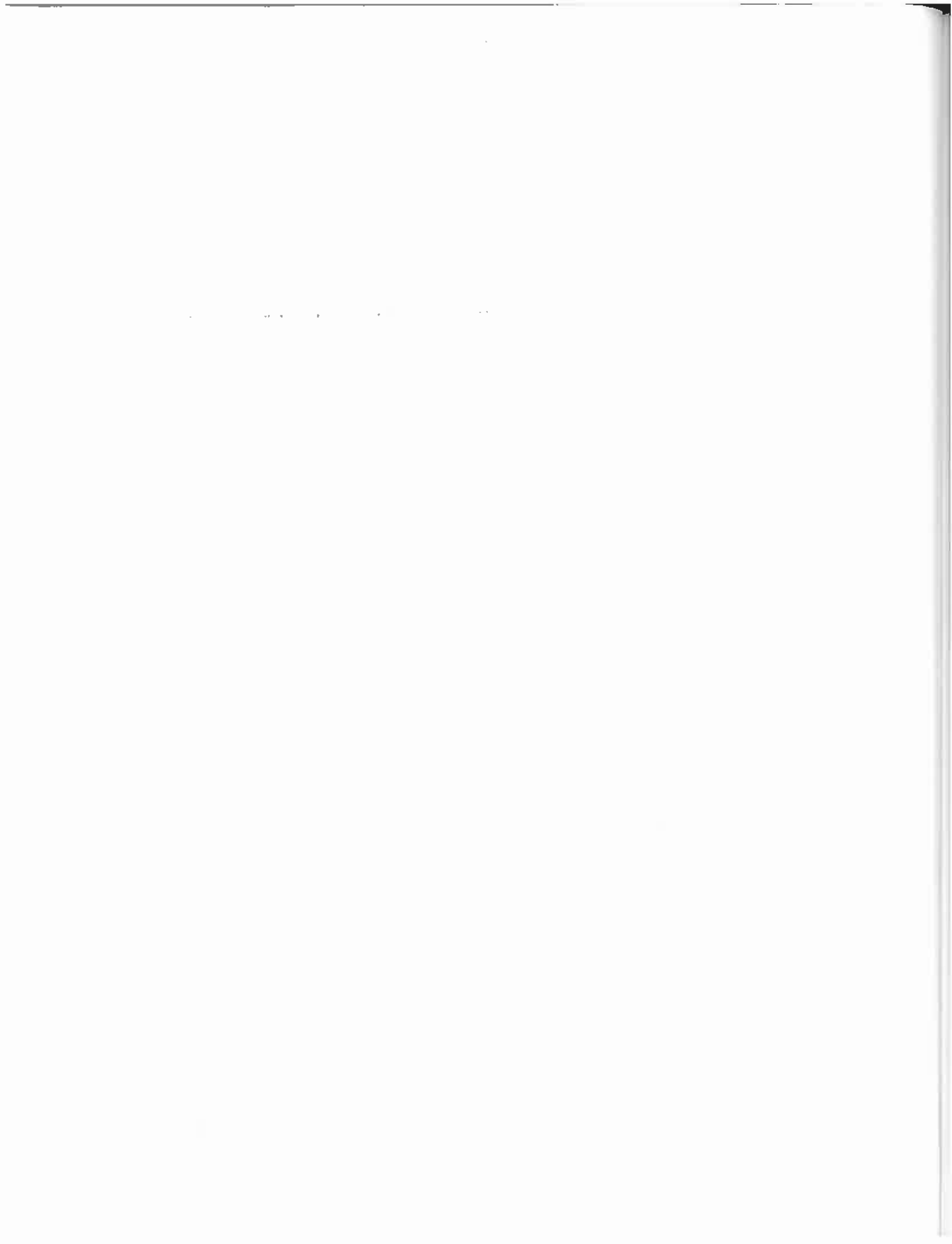
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FOREWORD

A compilation of our best trade secrets? Why would anyone publish that?

Thirty years ago, I started a group called the Financial Publishers Roundtable. It was a yearly meeting of the largest financial newsletter publishers in America. A one-day event with cocktails and a gourmet meal. But the meeting itself was serious. We were supposed to disclose our best trade secrets so we could all benefit from a free exchange of ideas.

The roundtable was successful, so successful that it still exists today. But not all of the publishers were willing to tell their secrets. Two or three of them very obviously gave as little as they could, believing they were better off by giving less and getting more. We couldn't force them to be forthcoming. We could have disinvited them to future roundtables, but we didn't. We didn't worry about it because we knew something they didn't know: Trade secrets are, for the most part, much less valuable than people think. Success in business is not about what worked well last year or even what is working now, but what will work next year.

My thinking was that by sharing what we had learned over the previous year, we could all get ourselves up to an even level of competence. We could then compete with one another at this higher level. I suppose I secretly believed that I was as smart or smarter than my peers. I wanted an even playing field. I wanted my colleagues to know all my tricks because I fully expected to come up with new and better ones in the coming year.

The same principle holds true for martial arts. The best Jiu Jitsu masters I know are happy to tell you all their best moves and to show you how they work. They do that because they are confident that a week after you've succeeded in countering their current best moves, they will have moved forward to better ones.

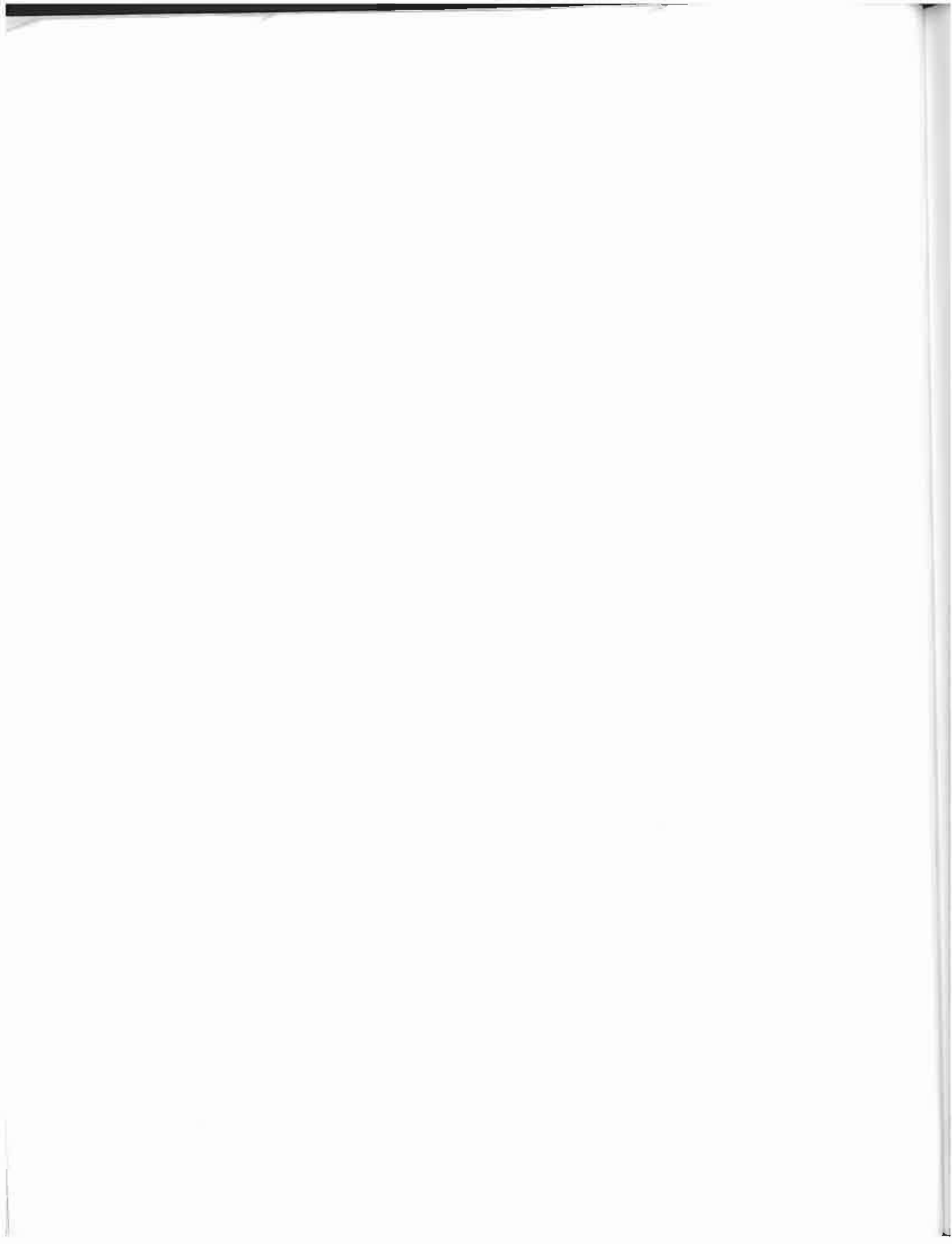
So that's why we are happy to publish all of our immensely valuable secrets. We are fully confident that this book will be pirated and read avidly by other publishers all over the world. But we see that as a good thing. Bring your A game, guys! We are ready.

—Mark Morgan Ford



BOOK ONE

**THE AGORA GUIDE TO
NEW EMPLOYEE SUCCESS**



PREFACE

We were in Mumbai, India, when Mark first suggested that we put together a compendium of Agora's best ideas. He said many of the questions we fielded from affiliates had been resolved over and over again in various other locations around the world. It would save everyone time and energy if we were to make that information readily available.

It was not clear back then how ambitious the project would become. It ended up taking more than two years. And there was so much material that we had to divide it into four volumes. Along the way, we included contributions from sources outside of Agora itself—subsidiaries, industry legends, partners, affiliates, and friends.

Keep in mind that ours is not a large industry. We think it is safe to say that we have struck at least one deal with just about every publisher in the direct marketing world. Keep in mind, too, that, due to its decentralized structure, Agora is associated with hundreds of companies where partners, employees, and others have authority over their own independent businesses. Thus, when referencing Agora's partners, we are not always being literal. For the purposes of simplicity, we sometimes refer to this wider group of businesses collectively as Agora as they operate with a similar guiding spirit.

The entire project is dedicated to Agora's founder, Bill Bonner, and to all the publishers, copywriters, and executives that have built the business over the past 36 years.

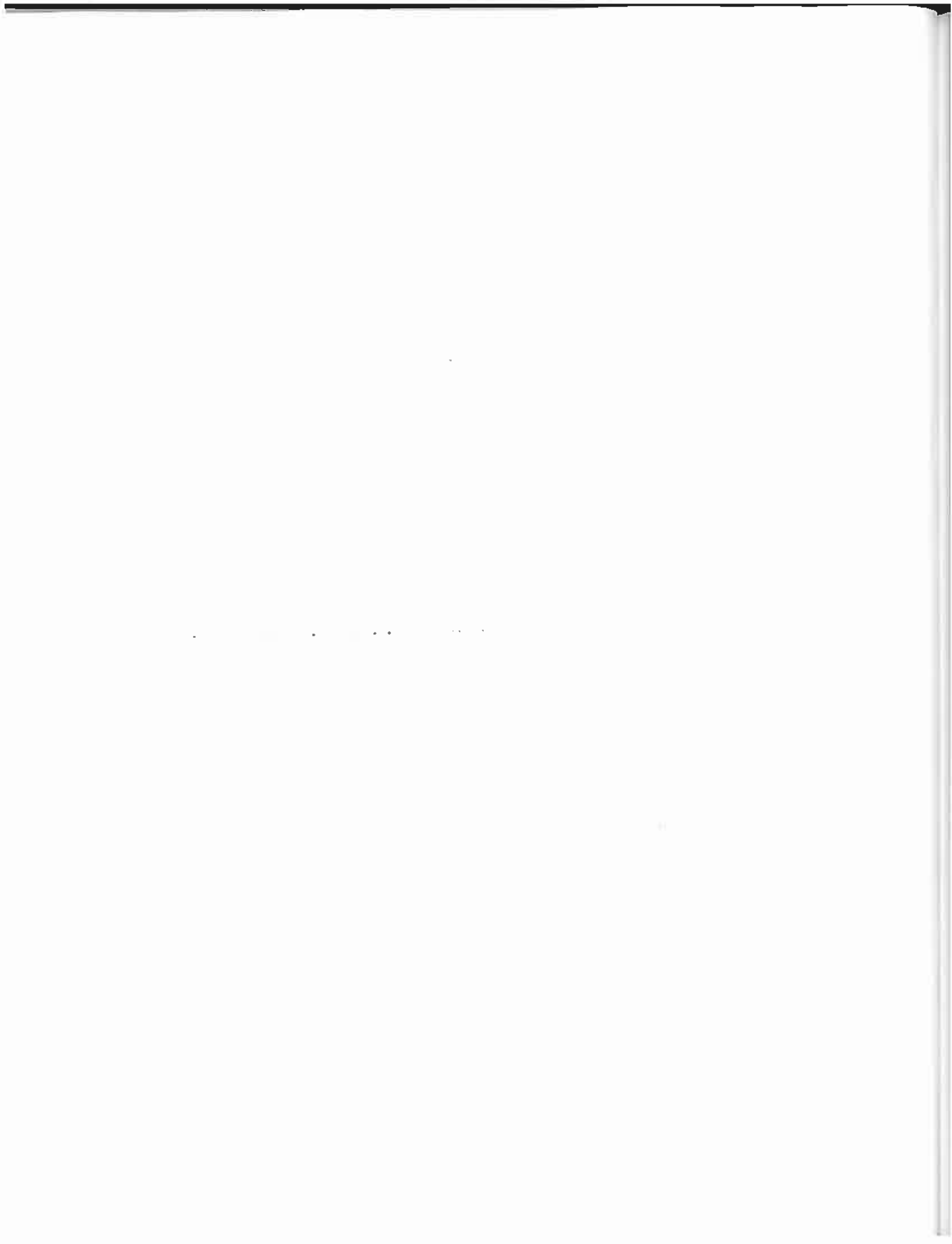
This is Book One: "The Agora Guide to New Employee Success."

The purpose of this book is to give new employees the basics. To explain how Agora works and help them understand the goal that all Agora publishers have in common: to grow the business by creating the best products possible for our readers.

What makes a great product? As you will learn in these pages, there is no easy answer to that question. It's a discovery that each publisher must make in the context of his or her own franchise. As Mark has said, there is no single *Weltanschauung*, which is to say worldview or philosophy, that will satisfy everyone. Still, our aim is to create strong voices that help guide as many readers as possible.

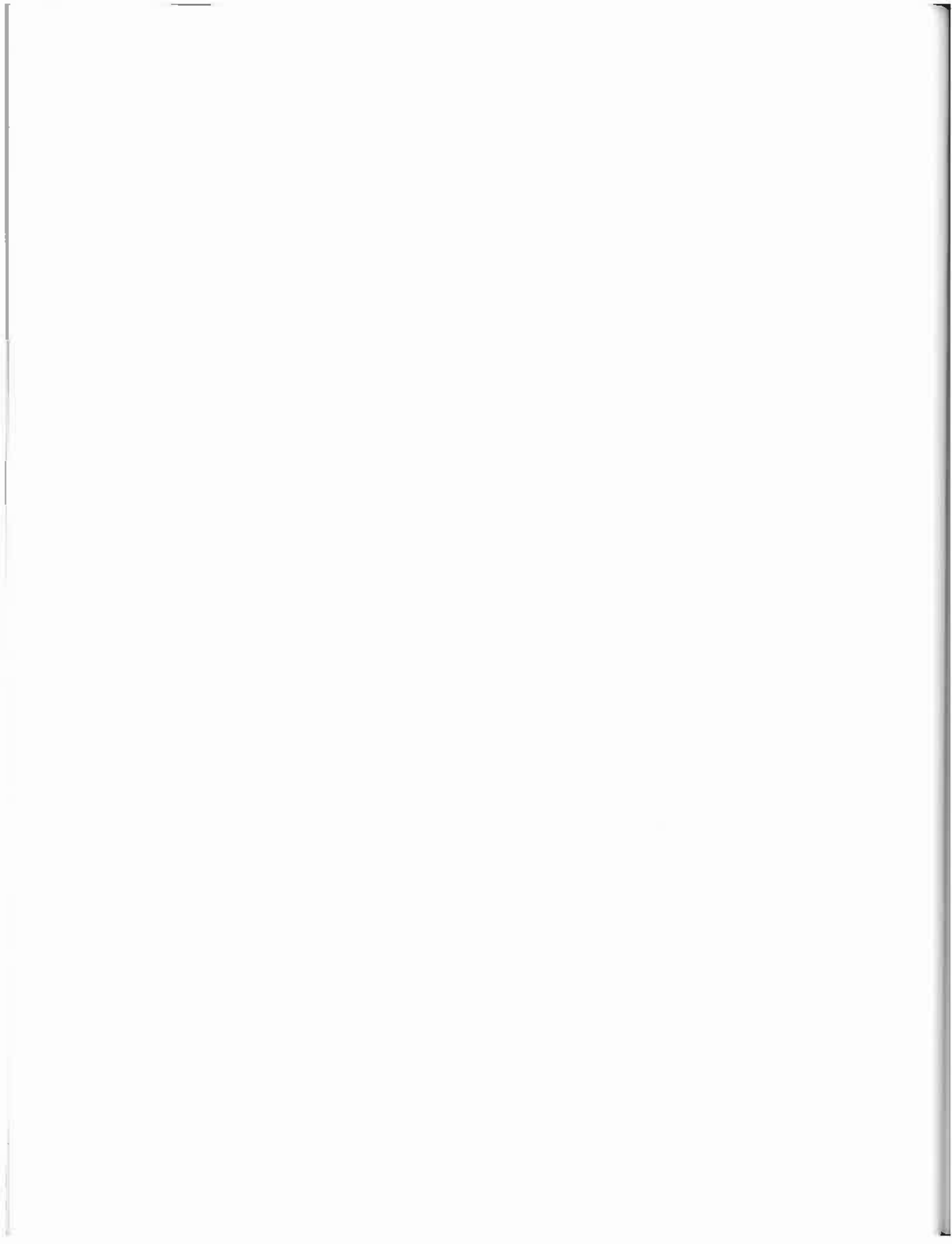
That said, we thank you for taking the time to read this book. We hope it will be of benefit to you, your colleagues, and your business.

—Rocky Vega



CHAPTER I

INTRODUCTION



WELCOME TO AGORA

Agora didn't spring from a vision. It is not something that was ever designed... sketched out on a napkin... or carefully presented in a business plan.

There were never any investors. And since there never was a business plan, it is impossible to judge the success of the business based on what it was supposed to be.

Agora has been an evolutionary thing... the result of a "spontaneous order" to use a phrase from Austrian economics. It is what you get when an invisible hand shoves you around. You adapt to circumstances. You adjust your plan. You try things. Most fail. Those that don't fail become your business.

Our name comes from ancient Greece, where an *agora* was a marketplace. We are a kind of marketplace. But we are not a marketplace for cabbages and silver jewelry. We are a marketplace of ideas. In fact, Agora is the largest publisher in the world of ideas.

What we look for are good ideas... ideas that stand the test of time. Sometimes those ideas are mainstream. Sometimes they're not. When they are not, they are especially important and valuable, because those are ideas that are likely to come back into fashion.

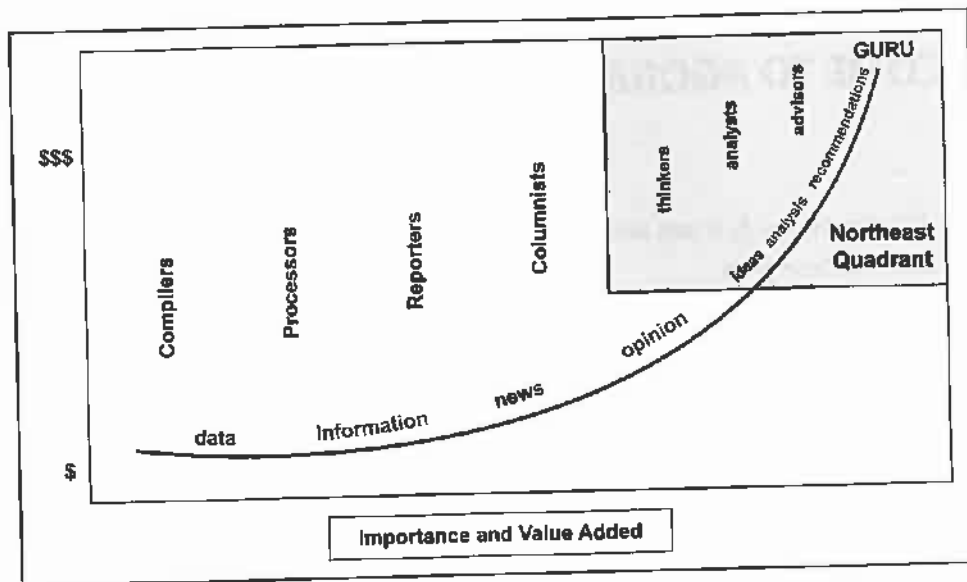
The Way We Used to Do Business

We started with an old-fashioned newsletter business. The ideas we sold back then were very much the same as the ideas we publish today. But we had less of an opportunity to develop the ideas. We had less of an opportunity to develop a relationship with the reader. Because every contact with them—every marketing effort and every newsletter—was printed on paper. That took a long time, and the printing and the paper was expensive. Then it was shipped to a lettershop, where it was folded, put in an envelope, addressed, stamped... and finally taken to the post office. With all of this handling, each contact with a customer cost us at least 50 cents. So we didn't have much contact. Maybe a couple of times per month.

Still, we were able to build a business using this old technology and the skills we learned over the years. The gist of it was simple: We sent people paper. They sent us money.

Core Concept #1: Hierarchy of Value

Take a look at this chart.



It reminds us that there are many elements in the publishing world. We're only interested in some of them.

We don't publish data. We publish analyses, ideas, opinions, recommendations... and, ultimately, wisdom. When you see a headline that offers "100 ways to..." it is offering you information, not wisdom. But when you see a headline that offers "the secret to..." or "the real key to..." that is a headline offering wisdom. It tells you that someone claims to have done the work of sorting through all the available information... and has found the most important thing... the thing you really need to know and understand.

This is much more valuable than mere data. So we tend to charge high prices for it. Per word, our prices are among the highest in the publishing industry. *The New York Times* gives you millions of words for only a few dollars. We charge \$500 or more... and may give you only a few well-chosen words.

You can get information from almost anywhere and it's almost free. We can't make any money publishing it. And we can't build the kind of relationships we want with our customers by offering only information. It just isn't worth very much. A friend who gives you only information isn't much of a friend. A good friend gives you good advice. We want to be a good friend to our customers.

So, we always want to aim for the Northeast Quadrant of that chart. And the key to getting there is to add value. To do the work. To provide the detailed context and careful, original analysis that allows you to say:

"There might be 100 ways to do this... but, really, only one way works. Here's why..."

Aim for the Northeast Quadrant. Add value.

You'll notice that each step along the hierarchy of value curve corresponds to a different type of profession.

Down at the lower left, you have people who assemble data. Then there are those who compile information—like the people who put together directories. Higher up are the reporters and journalists, who give you the news. Then, you have the editorial writers... the analysts... and the advisors. Each level tends to earn more money than the level beneath it. Finally, there is the guru. The guru is the highest level in the publishing world. He is also the person with whom readers want to connect. He has the answers. He has it all figured out. He can tell you what to think... and what to do.

Wherever possible, we want to publish gurus.

Core Concept #2: The Bell Curve

You know what the bell curve shows.

It's the way things are distributed in nature. It could be anything. It could be a graphic to show how tall people are, with the very tall people on one side and the very short people on the other. Most people are in the middle. Or it could illustrate temperature... with the very hot days on the right and very cold days on the left. Most days are in the middle.

You could also use it to describe the publishing industry... with the major media in the center and the fringe media on the edges. Ideas are distributed that way too. The ideas that everyone knows and everyone believes are in the center. The wacky, edgy, slightly disreputable ideas are over on the sides.

Where are we?

You know where we are. We're on the edge. We're the alternative press. We're the ones with the edgy ideas and edgy opinions. Newsletters have always been the alternative press. And that carries with it several implications:

- 1) No one is going to buy a newsletter to find out what he can find out on TV. The ideas and recommendations must be new and different. Usually, they have to be new... that is, the ideas and recommendations that most people have not heard yet.
- 2) The ideas must have a slightly disturbing emotional and intellectual "charge." Mainstream media is mostly comforting. It tells people what they know. It doesn't challenge them. It doesn't worry them. It is supported in large measure by advertisers who are trying to sell products. People are more likely to buy products when they feel positive and optimistic, not when they are worried about the future or nervous about the present.
- 3) In the financial newsletter world, the ideas can and should lead to good investment recommendations. Mainstream financial ideas are already well known and fully priced. You can't make any money buying what everybody else already owns. Only fringe ideas—those that are not yet widely known or accepted—have the potential to pay off.

All new ideas, fashions, businesses, and trends begin on the edges of the bell curve. That is where innovations take place. But not all innovations make it to prime time. Most do not. We try to find the ones that will.

That's the value we add. That's why people are willing to pay so much for our research, analysis, and

recommendations. Because they know that if we can get it right, it will be very valuable to them.

Most ideas on the edge never make it to the center. Our customers know that. That's just the way the world works. They don't expect us to be right all the time. In fact, they're used to a lot of bad guesses. They forgive us for being wrong... provided we've been honest and have done our work properly.

They pay us to explore the edges of the bell curve and to report to them on the ideas and recommendations we find most compelling. Or, if we have a guru, they expect the guru to come up with the ideas himself. Either way, they forgive us for being wrong... but they never forgive dishonesty, laziness, or incompetence.

Core Concept #3: Our Franchise System

Many of our competitors in the newsletter business were once bigger than we were. But now we have pulled ahead. One of the innovations that made it possible for us to grow to our present size is what we call our "franchise system."

When we talk about franchises, we use the word in a special way. We're talking about an idea... or a personality. We're talking about the gravity that holds our kind of publishing businesses together.

Here's how it works.

We need to develop relationships of trust and respect with our customers. Without it, we can never get to the Northeast Quadrant of the Hierarchy of Value. You can get information and news from anyone. But you can get good recommendations and wisdom only from a source you trust.

Likewise, you will pay a few dollars for information and news. But you won't pay a lot of money for recommendations or analysis... even thousands of dollars... unless you trust the source.

How do we create trust? We have to be trustworthy. We have to have a distinct personality... a position in the market... an identity that the customer can connect to and have confidence in.

Each of our franchises is built on a different identity and creates its own relationship with its customers.

The Oxford Club, for example, emphasizes sensible investments in a clubby atmosphere. It selects customers who like that kind of identity. Agora Financial and Stansberry Research have very different personalities. In each case, the readers develop a relationship with the franchise that allows them to develop trust and confidence.

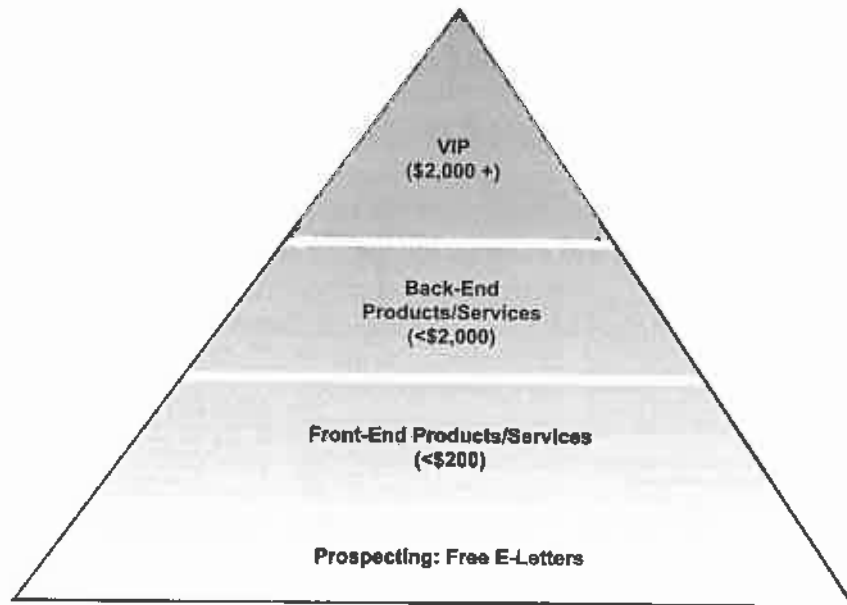
Having multiple franchises gives us the possibility of developing multiple relationships. And of allowing customers to select the franchises with which they are most in harmony. It also gives us more ways to test. Not just headlines and sales packages but also positions... personalities... and methods of running our businesses.

One franchise speaks with the authority of a science-driven research organization. Another speaks as an old-fashioned investigative group. One engages the reader with prejudices against Wall Street. Another engages readers who want a fuller connection to Wall Street. One franchise publisher manages by giving direct and detailed instruction. Another allows a kind of "spontaneous order" to develop.

We don't know which approach will work best. We get to find out. Our company expands because we have more publishers... more franchises... and more experimentation.

Core Concept #4: The Pyramid

The pyramid will help you understand why the franchise relationship with customers is so important. The idea is that lots of customers come in at the bottom... and a few end up reaching the top. (This is not a concept that is unique to us. Many businesses work this way.)



As you can see, the bottom of the pyramid is open to the world. We typically have free or very low-priced products at the bottom... and we invite as many customers as possible to try them.

We don't make any money at the bottom. What I should say is that we don't normally make any money at the bottom... and we don't try to make money at the bottom. The idea is to get new customers into our franchise world and get to know them.

This is why quality is so important... even with the least expensive of our products. In fact, the quality of the free and entry-level products is probably more important than the quality of our high-priced products.

Customers come in at the bottom. They see our products. They see us. They come to understand the personality of the franchise. They like it or they don't.

If they like it, they should want to move up the pyramid... to get to a more exclusive product... to the more high-valued-added products... the more expensive products... and to get closer to the wisdom that is at the very top of the pyramid. They should be able to see that even at the bottom the quality is high... and that by moving up the pyramid they will get more of what they are after.

Core Concept #5: The Customer as Hero

Now you may think that our customers are only after making money. But that is not true at all. People have very complex emotional needs. The need to make money is probably the least interesting.

I believe the primary desire of most customers is to be a hero. They want to be a hero to their wives and husbands... to their families... to their friends... and to themselves. They can be a hero by making money. Or by understanding how things work. Or by "doing the right thing." By tackling tough problems—such as retirement financing. Or by learning how to trade options. Or by not losing the family fortune. Or by being right when others are wrong. Or just by finding a stock that goes up or a system that seems to work.

And that is the beauty of the franchise system. Each franchise... and its team... will have an instinctive sense of the specific emotion that is driving their customers. There is no need for them to talk about it.

It will happen naturally... but only if the team really is on the same wavelength as its customers. Otherwise, it will seem artificial and phony. The words will be there, but not the emotional appeal. It will be a little off-key.

Here's a classic advertisement illustrating what I mean by the idea that what the customer really wants to be is a hero.



"Can he really play?" a girl whispered. "Some real Artur music!" "He never played a note in his life."

They Laughed When I Sat Down At the Piano But When I Started to Play!—

ARTHUR had just played "The Rosary." The room rang with applause. I decided that this would be a dramatic moment for me to make my debut. To the amusement of all my friends, I strode confidently over to the piano and sat down.

"Look it up to his old tricks," somebody chuckled. The crowd laughed. They were all certain that I couldn't play a single note.

"Can he really play?" I heard a girl whisper to Arthur.

"Heaven, no!" Arthur exclaimed. "He never played a note in all his life. . . . But just you watch him. This is going to be good."

I decided to make the most of the situation. With mock dignity I drew out a silk handkerchief and lightly dusted off the piano keys. Then I rose and gave the revolving piano stool a quarter of a turn. Just as I had seen an imitator of Paderewski do in a vaudeville sketch.

"What do you think of his execution?" called a voice from the rear.

"We're in favor of it!" came back the answer, and the crowd roared with laughter.

Then I Started to Play

Instantly a tense silence fell on the guests. The laughter died on their lips as if by magic. I played through the first bars of Liszt's immortal Liebestraume. I heard raptures of amazement. My friends sat breathless—spellbound.

I played on and as I played I forgot the people around me. I forgot the hour, the place, the breathless listeners. The little world I lived in seemed to fade—seemed to grow dim—until only the music was real. Only the music and the visions it brought me. Visions as beautiful and as changing as the wind-blown clouds and drifting moonlight, that long ago inspired the master com-

poser. It seemed as if the master musician himself were speaking to me—speaking through the medium of my notes—in words but in chords. Not in sentences, but in exquisite melodies.

A Complete Triumph

At the last notes of the Liebestraume died away, the room surrounded with a sudden hush of applause. I found myself surrounded by excited faces. How my friends cried out! Men they had heard—men who congratulated me—praised me on the back in their enthusiasm. Everybody was exclaiming with delight—telling me with rapid questions. . . . "Jack! Why didn't you tell us you could play like that?" "How did you learn it?" "How long have you studied?"—"Who was your teacher?"

"I have never seen my teacher," I replied.

"And just a short while ago I couldn't play a note."

"Quit your kidding," laughed Arthur, brandishing an unscrupulous pianist. "You've been studying for three years!"

"I have been studying only a short while," I lied.

"I decided to keep it a secret so that I could surprise all you folks."

Then I told them the whole story.

Have you ever heard of the U. S. School of Music?"

"Yes," they replied. "They have a correspondence school, isn't it?"

"Exactly," I smiled. "They have a new scientific method that now teaches you to play any instrument by mail in just a few months."

How I Learned to Play Without a Teacher

And then I explained how for years I had longed to play the piano.

"It seems just a short while ago," I continued, "that I saw an interesting ad of the U. S. School of Music containing a new method of learning to play which only cost a few cents a day!"

The ad held here a woman had mastered the piano in her spare time at home—and without a teacher! Best of all, the wonderful new method she used, required no tedious scale—no hair-splitting exercises—no tedious practice. It seemed so surprising that I filled out the coupon requesting the Free Demonstration Lesson.

"The Free Lesson arrived promptly and I started on that very night to study the Demonstration Lesson."

I was so glad to see how easy it was to play that way. This I said for the rest.

Pick Your Instrument

- Piano: Harpsichord and Organ
- Violin: Viola
- Double Bass: Trumpet
- Drums and Percussion
- Tuba
- Guitar
- Mandolin
- Clarinets
- Saxophone
- Flute
- Harmonica
- Contra
- Violoncello
- Viola
- Violin
- Harmonium
- Accordion
- Organ
- Harmonica
- Contra
- Violoncello
- Viola
- Violin
- Harmonium
- Accordion
- Organ

"When the course arrived I found it was just as the ad said—no cost at all. . . . And on the lesson sent me I lay out money and make. . . . Before I knew it I was playing all the pieces I had sent. . . . Nothing is so easy. . . . I could play indoors or outdoors, anywhere or here, all with equal ease. . . . And I never did have any special talent for music."

Play Any Instrument

You, too, can now teach yourself to be an accomplished musician—right at home—in half the usual time. You can't go wrong with this simple new method which has already helped almost half a million people here to play their favorite instruments. . . . Forget that old-fashioned idea that you need special "talent." . . . Just read the list of the instruments in the manual, decide which one you want to play and the U. S. School will do the rest. . . . And here is added a manual which instructs you through the case in every case will be the same—just a few cents a day. . . . No matter whether you are a mere beginner or already a good performer, you will be interested in hearing about this new and wonderful method.

Send for Our Free Booklet and Demonstration Lesson

Thousands of successful students never dreamed they possessed musical "talent" until they received from us a remarkable "Manual, Really Free" which we mail entirely without cost to you in return for a few books.

If you are in serious earnest wanting to play your favorite instrument—and you really want to get a reputation and increase your prosperity—send at once for the Free Booklet and Demonstration Lesson. No cost and obligation. Right now we are making a Special Offer for a limited number of new students. . . . They need more of the convenient compact new-books. . . . It's best to get the benefits of this offer. Instruments supplied when needed, cash or credit. U. S. School of Music, 23 Brunswick Bldg., New York City.

U. S. School of Music, 23 Brunswick Bldg., New York City.

Please send me now, free book, "Music Lessons in Your Own Home," with Introduction by Dr. Frank Conroy, Demonstration Lesson and particulars of your Special Offer. I am interested in the following course:

Have you above instrument?

Name

Address

City

You sense the man's struggle. He was nothing. They laughed at him. But then he learned how to play the piano (without anyone noticing). Now, look at how the women admire him. He is a hero.

Every customer wants to be a hero. In his own way. By earning money. By warning his neighbors about a threat. By protecting his family. By beating the enemy. This is fundamental to our business. We help them become heroes by alerting them to the threats and opportunities coming from the edge of the bell curve (where all threats and opportunities come from). And we do it by telling them a story. Both in our marketing and in our editorial.

We appeal to the central desire of the reader to play the hero in a story that we lay out for him. We say to him: You can win this battle. You can retire with plenty of money. You can overcome the pain of arthritis. You can build a successful business. You can beat Wall Street or the pharmaceutical industry or the tax collector. You can protect your family. You can stand with Leonidas and the 300 Spartans, guarding the pass of Thermopylae.

Agora Today—Taking One Step at a Time

Our headquarters in Baltimore are very different from the humble place in the slums where we started out. And we now are working in more than 14 countries. But as a business, we are fundamentally the same. We still publish words. People pay us for words, strung together into sentences and paragraphs. We don't own those words. Every one of our customers can get them out of any dictionary. For free. They pay us to put the words together well.

A classic mistake that successful businesses, investors, and empires make is over-reaching. They succeed at one thing. They think they can succeed at everything. Eventually, they are stretched too thin... with too little expertise in any particular area. Then they fail everywhere.

This is a natural human tendency. We have tried to limit its effects on our business by sticking to our "one step at a time rule." That is, we take on only one unknown risk... or un-learned skill... at a time. We want to test only one variable at a time. If, for example, we know how to sell a newsletter on health, we may test a newsletter on crossword puzzles. Or if we know how to market a health newsletter via direct mail, we may try to market the same newsletter by telephone. What we won't do is start a new fashion magazine and try to sell it on TV. That would mean testing three new things... taking three new steps at once.

If the new venture failed, what would we have learned? Not much. It may have failed because we didn't know anything about fashion, because we didn't know anything about magazines, or because we didn't know anything about selling on TV. Most likely, we would have wasted our time and our money.

So, we stick to the space we know—publishing edgy ideas and recommendations. Then we try new things... taking one step at a time to avoid making a big mistake.

And while we are trying new things, we try to continually improve our core products. We do it year after year, even when there is no discernible payoff. This is a radical principle. It focuses our attention on the quality of what we produce and the quality of our relationship with the customer rather than on bottom-line profits. And it is tricky, because it is much more difficult to measure quality than it is to keep track of profits. But that is our challenge.

Ultimately, we can never forget that we have a special relationship with our customers. And we can never get complacent about it.

—*Bill Bonner*

THE BEST JOB YOU EVER HAD

Agora is a unique sort of company. It's almost certainly very different than any you may have worked for in the past.

We are not a mainstream media publisher. We are not interested in direct competition or the need to dominate a market. Agora is and always has been a publisher of outlying ideas—fresh ideas that are compelling enough to eventually make it to the mainstream after we have introduced them. This has allowed us to attract the best writers, marketers, researchers, and editors.

The company was started more than 30 years ago by Bill Bonner and a small group of smart people. They were idealists who believed the world needed contrarian points of view. And we want your experience at Agora to reflect that same dynamic spirit—the same feeling of enthusiasm and the freedom to try new things. We want you to be fulfilled in your work and excited about your future.

If the only thing you're looking for is a steady paycheck, you may not be happy here. But if you're looking for an opportunity to learn, grow, and prosper, you've come to the right place.

Working at Agora, you can expect to be:

- Accepted by your fellow employees as you are
- Valued for your contributions
- Challenged to do the best job you can

At the beginning, Agora's business was all about unconventional ideas—discovering them, researching them, writing about them, and offering them to interested readers. There were few job titles or formal policies. Everyone just did whatever was needed to get the work done.

Agora is a much bigger business today. And as the business evolved, it became necessary to find new ways to nurture growth and innovation. One of the ways we did this was by developing an unusual decentralized structure.

We have centralized accounting, human resources, legal, and technology groups. But instead of a single management team, we have independent franchises. Each franchise has its own publisher and executive team. Each has its own marketers and copywriters and operational people. Each has its own ideas about how to produce the best sort of products.

Another thing that distinguishes us from other companies is that we don't like corporate politics. Too many businesses have been ruined by them. When a business becomes political, it diverts its attention away from

what is really important: providing value to its customers.

In our case, our customers are our readers. They determine how much value we are providing by comparing the quality of our insights and advice with what they can get elsewhere. The more value we provide, the more loyal they become. So, in a very real way, profits are a measure of how much value we deliver.

We provide value by focusing on two areas:

- Creating great information products, and
- Providing an extraordinary customer experience

The first one brings in new readers. The second one keeps them coming back for more. It is only by building strong, long-term relationships with our readers that we can continue to be successful. That is why everything we do—from conceiving of new information products to writing advertising copy to research, accounting, information technology, and legal compliance—is done in the service of our readers.

Here's what that means to you: Every project you take on should be considered for how it affects our readers. Any problem you face can ultimately be resolved by asking, "What is the best solution for our readers?"

When you commit to that approach, you will have unlimited freedom to turn this opportunity into what it really is: the best job you ever had.

—Mark Morgan Ford

FAT TAILS

Despite all the progress made by science, no one can predict the future. Even in areas thought to be 100% predictable, the future is never a sure thing. When you heat water to 212 degrees Fahrenheit, for example, you can safely assume that it will boil. Even then, you don't know for sure that it will begin to bubble up when it is supposed to. Scientific theories are never actually proven correct. They are just not yet proven incorrect.

It is like reaching into a jar of candies, says bestselling author Nassim Nicholas Taleb. If you reach in one time and pull out a red candy, you presume that there are red candies in the jar. If you do it again, your presumption is reinforced. If you keep doing it time and time again, you form a hypothesis: that there are only red candies in the jar. That hypothesis is as good as any scientific theory. But it is not proven correct. Who knows? Maybe the next candy pulled from the jar will be black!

If instead of an unbroken sequence of red candies, a black one came out occasionally, an observer would conclude that there were fewer black ones than red ones. If groups of children were to reach into the jar, the results might be more or less predictable—not for any individual, but for each group. Most would pull out red candies. A few would pull out black ones. Taken all together, you'd expect about the same distribution of black and red candies as observed initially. And plotted out on a graph, the distribution of black or red candies per group would take the form of a bell curve.

At the far left of the bell curve, there might be zero groups that pulled out only black candies. At the far right, would be the opposite phenomenon, groups that pulled out all red ones. At the center, where the peak of the bell is located, you would expect the largest number of groups—those pulling out a proportion of black and red candies roughly corresponding to the balance in the jar. Most groups would fall into the big hump of the bell curve. Graded on a curve, the majority would be right.

That is the point of the book by James Surowiecki, *The Wisdom of Crowds*. Take the views of a number of people and put them together. The amalgamated views are likely to be closer to reality than any particular view. If you take a group of people and ask them how hot it is outdoors, some will guess that it is hotter than it actually is. Some will guess that it is cooler than it actually is. If you put the views together, you're likely to come close to the actual temperature.

But it is a strange and wondrous world we live in. When scientists looked at many of the phenomena that were thought to be randomly distributed according to a regular bell curve pattern, they noticed something funny. Out at the ends of the curve, where the rare events are registered, they found small bumps and bulges. Things that were not expected to happen very often actually happened more than they thought. "100-year floods," for example, happened every 88 years. "One in a million" shots hit their mark every 700,000 or so.

Statisticians refer to these odd bulges on the extremities of bell-shaped curves as "fat tails." Instead of tailing off as they are supposed to, the rare events seem to swell up where you don't expect them.

We don't know what this tells us about nature. But we notice a related phenomenon in man: He tends to underappreciate the extremes. He tends to exaggerate the ordinary. He sees today and guesses that tomorrow will be just the same. It probably will be. But there is always a chance that it will be different. And this chance is actually greater than he thinks.

The Kind of "News" We Report

Everything that happens in our world is not as simple as the temperature. If you had asked a group of investors in August 1929 what was likely to happen on Wall Street, you'd have heard a range of views. You might even have found a "crank" or two who predicted a market crash. But the majority view was nothing like what happened. Most people thought stock prices would hold steady or go up. Few people anticipated Black Monday with its 30% break in prices. It turned out the cranks were right.

Economists and the press were similarly complacent. Despite the pretensions of both professions, both economists and the financial press are driven by momentum. They reflect the common view, that what happened yesterday will probably happen again tomorrow.

This is a psychological feature of human beings, based on what appears to be an accurate observation of nature. Usually, what happened yesterday will happen tomorrow. And usually, the great majorities—whose views are reflected in the calculations of economists as well as the newspaper headlines—are right about it. Usually, nothing extraordinary happens.

Usually, you make about 3-5% on your investments. Usually, it is warm in the summer and cold in the winter. Usually, it rains just enough to maintain current levels of vegetation, neither more nor less. Usually, the stock market goes up and down—but in neither way very fast.

If an investor could live forever, he could probably make a lot of money betting on snow in July. True, it doesn't happen often. But it does happen. And most people are so sure that it will never happen, they're willing to give exceptionally favorable odds to the fellow who bets that it will.

That is the secret to successful investing, as it is to successful poker playing. You play the hand you are dealt. You have no choice. You cannot control when you will get four aces or when it will snow. But knowing how to play the odds is what makes you money. Unless the fat tail event has been widely discussed, it is probably underpriced.

After the terrorist attack of 9/11, Americans rated the odds of being a victim far, far higher than was actually likely. In the run-up to the year 2000, they rated the odds of a system-wide computer failure first at zero... and then, after a Y2K failure had been widely discussed in the media, as high as 50%. We don't know what the actual odds were, but they were probably never zero and never 50%.

Naturally and normally, most people spend most of their time in the comfortable and familiar embrace of the ordinary. They watch television. They read the newspaper. Except when they are entertained by "War of the

Worlds" style fantasies, nothing in their usual media disturbs their sleep.

But in some part of their brain, they know that the future may not go so smoothly and predictably. They know that sometimes things go terribly wrong or wonderfully right. People really do lose all their money... or make 1,000% profit. It happens, just not very often.

And while they believe that it probably won't happen, they know it could happen to them. They feel they should at least consider it. Who knows, maybe they will get lucky and make 1,000% on their investments... or avoid a horrible loss.

Agora is in the business of exploring the fat tails for them. Our role, and our relationship with our customers, is not as a news provider. We do provide "news." But it is news of a special sort. It is the news you find out on the extreme ends of the bell curve.

The usual news is delivered by the mainstream media in vast quantities. It's the news that tells readers that the world is as they have imagined it. It's the news that tells them that today will be much like yesterday and tomorrow will be much like today. It is like a mainstream economist's projection for the year ahead. It is just what you'd expect.

We are the alternative press. We present views, news, and ideas that are an alternative to those you find in the mainstream media.

We recall the mid-1980s. Huge changes were taking place in the world—particularly in the Soviet Union and its satellite states. Our newsletter, *Strategic Investment*, predicted that the Soviet Union would fall apart and that the Berlin Wall would come down. We don't recall a single mainstream magazine, newspaper, or TV station that saw it coming. But our editors had an idea about the way the world worked... and an opinion that was, at the time, way out on the extreme fat tails of the bell curve.

Likewise, in the 1990s, a newsletter we published saw a revolution coming in American eating patterns. In the newsletter, Dr. Robert Atkins said the diet recommended by the American medical establishment was unhealthy. Instead of eating so much starch and sugar, he said, Americans should eat more meat and fat. At the time, this view was far from the center of the bell curve. It was out in the fat tail area. And Dr. Atkins was labeled a nut.

Dr. Atkins did not live to see it, but the mainstream media eventually came around to seeing things his way—about 10 years later.

This does not mean that our newsletters, emails, books, and other publications are always "way out there." Nor that they are always right. But what we publish is distinctly, tenaciously not mainstream.

We charge some of the highest prices per-word in the entire industry. People do not need to pay those prices to find out what everyone else thinks. They can get the mainstream view much more cheaply. They pay our prices because they value the fat tail opinion, the research, and the recommendations.

Investors, for example, are not likely to make more than 5% on their money. That's been the average return of mainstream investors over hundreds of years. But our editors and researchers work hard to find ways that

they could make much more. That's why our financial advertising seems so daring or "in your face" to many people. It offers readers a chance to do something that most people know is unlikely. Most investors will continue to make 3-5% on their money. Only a few will do better—by taking a bet on a fat tail event.

The investment markets deserve our special attention. They illustrate why and how, over time, an investor can make above-average gains only by doing something "outrageous." In other words, that he can hope to make more money than other investors only by doing something other investors are not doing.

In a bull market, all stock market investors make money. As prices rise, more and more investors are attracted. They buy stocks at higher and higher prices and become more and more confident that they will continue to go up.

All investments go up and down in irregular, but guaranteed, cycles. Riding the cycles up and down, an investor ends up with about 3-5% over the very long term. The only way he can make more is by going along on the upside but getting off before the downside move is too far advanced. That means he has to do something that seems alarmingly out of style, out of the ordinary... and just far out.

He has to wander to the extremity of the bell curve... to where investors are few and where they are regarded as a little strange. He has to do something all his friends, neighbors, and family will think is foolish. He has to drop stocks at the very moment that practically everyone is sure they'll continue to go up. He has to believe we're right when we warn of a "Financial Meltdown!"

Will the financial world really melt down? We can never know. But we know most fat tail bets cannot pay off simply because they don't happen often. That's what makes them fat tails.

This is also why our industry is little appreciated by the mainstream media. Not only are we competition, we are aggressive competitors. We tell people that the world's mainstream media doesn't know what it is talking about. Tomorrow may not be like today at all, we say. The American medical establishment is wrong, we point out. Most economic models are nonsense, we charge. Here's a way you could make a lot more money, we promise.

It requires a certain amount of audacity to say such things. Especially when we know we will be wrong most of the time. Several years ago, for example, we wrote a direct mail package with the headline "When the Lights Go Out in Paris," urging readers to buy uranium stocks. So far as we know, the lights are still on (though uranium stocks have soared). And hardly a week goes by that we don't tell readers how they could double their money. But if all of these fat tail opportunities had gone the way we'd hoped, our readers would now be as rich as Warren Buffett.

Of course, we can't know what's going to work in health, finance, business, love, sex, or economics any more than anyone else. But that doesn't mean we should give up trying. Readers know perfectly well that the things we describe are in the realm of the fat tails. They know that it's difficult to double your money and to lose weight, too. Still, they are happy to have someone studying the possibilities on their behalf... getting excited about them... and reporting them in a lively and engaging way.

That's our business. That's our role. Customers expect that from us. It's what they pay us to do. That's our relationship with them. They expect us to look at the lights going out in Paris or the upcoming financial

meltdown or a little-known herb that will eliminate back pain. They know that these things may or may not come to pass. But they have the mainstream media to tell them what is likely. Our job is to tell them what is unlikely but important. Our job is to keep our eyes on the fat tails. And if ever our output is ordinary or mainstream, we are failing to do our job.

Why the Fat Tails Are Important

There's a certain momentum in favor of the ordinary that causes people to underestimate the unusual. If it has not rained in a long time, people begin to feel that it will never rain.

Here we make a distinction between what they think and what they feel. If you put the question to them directly, they will surely reply that, yes, of course it will rain sometime. But emotionally, sentimentally, subconsciously they throw out their umbrellas. It just doesn't feel like rain. And if they had to bet... they'd give long odds against it.

This is significant from several viewpoints. First, it means that the fat tail will be generally ignored by the mainstream press. It sounds "over the top" or just bizarre. Bring it up and people may think you're a flake or a kook. Consequently, it is rarely mentioned. Since it is neglected, it is never fully discounted by the financial markets. They simply do not notice. It's as if they lived in glass houses but never thought of stones.

Even when the event is obvious—say, the risk of a stock market crash—the emotional tendency to over-rate recent history leads to systematic underpricing of things from more remote history. The '87 stock crash proved benign. As a result, investors stopped worrying about crashes. The odds of a stock market crash may be low, but they're probably not as low as investors think. The average investor probably rates the odds of a crash at scarcely more than zero. In fact, they are probably much more substantial.

Knowing that fat tails are more common than thought, and that investors commonly underprice them, leads to a very simple speculative approach: Go with the extreme money bet. You will be wrong most of the time. But when you are right, it will more than make up for all the times you were wrong.

And there's another sense in which fat tails are important. They could save your life.

When we first went to England to do business there, we went with a cloud over our heads. This is nothing unusual for London. There are always clouds overhead. But this cloud was of a different, heavier sort.

We had done a mailing from the U.S. for the Oxford Club. The UK authorities impounded the mail on the grounds that the Oxford Club was "unregistered." We hadn't known you had to register to have opinions. But we took it in good grace and went before the English equivalent of the SEC in order to find out how we could get this cloud dispersed.

"You may not use hyperbole or fear in your direct mail promotions," said the official.

For a moment, we thought we were out of business. In a sense, "hyperbole" is what we publish. Hyperbole is what you find out in the fat tails. It concerns the events that happen so rarely, it sounds like exaggeration to mention them.

"Stocks will fall 50%!" might be considered hyperbole. "Stocks will fall 15%" would probably be acceptable.

But how can you know what is hyperbole and what is not, we wanted to know? It seems possible to make the distinction only after the fact. If you had advertised in 1999 "Tech stocks will rise 50% next year," it wouldn't have seemed an exaggeration. After all, they went up 80% the year before. Everyone seemed to think they'd keep going up. If you had predicted "Techs will collapse more than 50%," on the other hand, the financial wardens would have accused you of using hyperbole and fear. But as the year 2000 developed, instead of going up, tech stocks crashed. As it turned out, the mainstream view was the hyperbole. The fat tail view turned out to be moderate.

In a moment of inspiration, we posed the following question to our inquisitor:

"What if it were 1938? What if we told our readers that the worst world war in history was coming? And that, in just two years, German warplanes would be dropping bombs on London? What if we warned them that stocks would crash... and that England would be practically bankrupt, forced to rely on America for its money and its war materials? What if we told them about the horrible things that would happen on the continent... the biggest land battles of history in Russia... attempts by the Germans to wipe out the entire race of Jews? What if we told them about a new bomb created by the United States that was so powerful it could incinerate entire cities... and that hundreds of thousands of people would die in firestorms in German cities while hundreds of thousands more would perish in Japan when the Americans dropped that new bomb!?"

An awkward silence fell. WWII was a fat tail event. Almost no one in the mainstream saw it coming. Hitler had practically told the world what he planned to do, but people couldn't quite believe it. They bet against it. Millions of Jews stayed in Europe, guessing that the whole thing would "blow over." Leaders in France and England bet on "peace in our time." Who could know that there would be no peace?

Should the press not bother to think about things? Should our editors keep silent, even if they were to see these things coming? Should we hold back what we really think or try to soften our views so they fit more comfortably into the mainstream mold and do not trouble the sensibilities of delicate regulators? Should there be no place in the publishing world for people who try to imagine the fat tail events that might happen... even if they are unlikely and disagreeable?

"Ah hem..." began the reply finally. "I guess all I can say is that we expect you to conduct yourselves as gentlemen."

"Yes," we might have replied if we had thought about it. "We are in that league of extraordinary gentlemen... writing about extraordinary 'fat tail' events."

—Bill Bonner

WHAT IS AGORA?

Agora is first and foremost a business that sells ideas. The value we provide to our customers resides in the quality of those ideas, the analysis, perspective, and advice we offer.

We publish newsletters and books and magazines, but we do not sell them as newsletters and books and magazines. We sell them as useful alternative ideas. The same can be said of the physical products we sell. We're not, for example, in the business of selling natural health supplements. We sell unique natural health supplements that solve specific problems in specific ways.

Agora is also, although this is starting to change, a small company. And that, in my view, is a very good thing because small businesses have some distinct advantages over big ones. For one thing, they tend to grow more quickly. As a result, they provide much faster career trajectories to employees. They also have cultures that are easy to understand.

We want Agora to continue to be a place where every employee can have an amazing career and we want it to be a place where employees feel like they understand the culture... even though the company is starting to get pretty big.

We passed the half-billion-dollar revenue mark in 2010. We work with more than a thousand employees in more than 14 countries. We have more than 500 publications (online and off) that reach over three million people. Last year alone, we sent out over three billion emails.

We expect that growth to continue—but we would still like Agora to stay small, at least in spirit.

To understand any small company's culture, you must understand the character and ambitions of the entrepreneur who created it. In Agora's case, that's Bill Bonner.

I used to be a competitor of Bill's. Then, in 1989, I retired. Two years later, I went back to work—this time as a consultant to Agora. My job was to work with Bill and the company's young publishers to help the business grow.

When I came to Agora, I knew Bill only in a superficial way. I knew him to be a great copywriter and a humble guy. But I knew nothing about how he ran his business, and I certainly didn't understand the company's culture.

Back then, Agora had only about 30 or 40 employees. They were all housed in a single building. Nobody was more than a 2-minute walk from Bill's desk. My office was about the size of a closet. It was just in front of a larger space where he and a few other people sat.

From my desk, I could look up and see people passing. Almost every 10 minutes, someone would walk by my office to speak to Bill at his desk. If I listened, I could hear bits and pieces of the conversations—and I spent most of my first week listening, trying to understand Bill's management style before I dared make any suggestions.

One thing I noticed right away was that there didn't seem to be a corporate hierarchy. I distinctly remember the day someone rushed in to Bill's office and spoke to him animatedly about a toilet that was overflowing. The next thing I knew, Bill was on his way to the bathroom, plunger in hand, ready to fix it.

Another thing I noticed was that Bill rarely gave anyone a direct answer. When someone asked him for an opinion, he most often answered, "What do you think?"

Bill didn't believe in telling other people what to do and he didn't believe it was up to him to solve their problems. Instead, he gave his employees the authority and the responsibility to solve their problems themselves.

So in that first week, I learned three important things about Bill. I learned that he liked employees who thought for themselves. I learned that he wanted his employees to solve their own problems. And I learned that he was anti-hierarchical.

I had come from a company that was built on authority, so I was familiar with the structures and strategies that worked in that environment. But since it was clear that Bill wasn't interested in the personal power required to run a business that way, I had to change my own approach.

I had to find ways to get results through persuasion rather than force. This was a challenge for me at first. Leading by force is easier than leading through persuasion, or at least it seems to be. You figure out what you want, you communicate it clearly, and then you require that it be done just as you stated.

There is no room for ambiguity, no place for confusion, no excuses for missing the mark. Many, if not most, employees prefer this kind of culture. When the boss is willing to take charge, it takes the hardest part of the job, the decision making, off the table. All the employee has to do is execute orders. But that was not the kind of culture we would ever have at Agora.

Agora is a place where the quality of an idea, not the authority of the person suggesting the idea, will always have dominance. This has been a critically important factor in the growth and development of the company.

Agora was never an inwardly focused company. It was never about personal power. Under Bill's anti-leadership leadership, it became a place where anyone could see his or her ideas realized. When I came on board, Agora already had several publishing groups, some being run better than others.

It was obvious that this kind of decentralized structure was right for the company. It would allow some people to succeed and some people to fail without the entire business being put at risk.

That's how Agora developed as a nonpolitical, nonhierarchical, and decentralized business with an egalitarian culture that was devoted to good ideas.

The Franchise Idea

In 1993, Jim Davidson, a cofounder of Agora, introduced the concept of franchises within publishing groups. By that he meant that an editor could carve out a place for himself within a general discussion of, say, investing or health. He would claim that territory as his own and become the world's greatest expert in it. It turned out to be a great way to grow the business.

You always do better in the information publishing business if you have a very narrow focus rather than trying to be everything to everyone. Having a decentralized structure has allowed that to happen over and over again at Agora.

For example, we now have six or seven different investment franchises and our financial writers and analysts keep trying to figure out more ways to claim their small pieces of turf and expand. If we had a centralized structure, that would be impossible. The growth of the business would depend entirely on the top guy and that would limit instead of expand its potential.

The franchises also give our employees a lot of flexibility in finding the right place for themselves in the organization. Within each publishing group, the franchises represent very different points of view. So if you find yourself working in a publication with a core philosophy that you don't buy into, there are plenty of other publications where you can choose to apply your skills.

Remember, Agora is a place where we value freedom. That includes your freedom to do work you believe in.

On Competition and Sharing

Our franchises compete with each other as well as in the marketplace. We believe that's good for the overall vitality of the business. But there are a few areas where we require them to share. For one thing, centralized services controls all the cash accounting reports so everybody can see the numbers.

And there are no secrets between the marketing groups. That helps all the groups learn from each other and get much better.

It reminds me of what's happened in the sport of Jiu Jitsu. Jiu Jitsu has gotten much more sophisticated in the last 10 years. It used to be that a guy who had a great move could beat everybody. Today, that doesn't happen.

Everybody who's competing in martial arts at a serious level has 30 or 40 videotapes of every fight he's ever done. Those videos are accessible on the Internet. So before a fight, his opponents are able to study his moves and practice defending them.

As a result, their game gets better and better. It's played at a much higher level. And that's what happens at Agora when we share information between the groups.

Pushing Power Down the Line

There are basically two types of business leaders. There are those who want to pull power to them and those

who want to push it away.

The power pullers are the autocrats who have all the answers. This can work if the autocrat is a true marketing genius who's willing to work 24/7—and there are examples of many autocratic companies that do reasonably well. But this type of leadership poses problems.

Its main weakness is that it depends so heavily on the person on the top. If that person is an extremely hardworking marketing genius, he or she can grow the business to a certain level. But then the business falters. Everyone's been looking upward for direction. When all of the leader's great ideas have been executed, the well is dry and the business stalls. Sometimes it even fails.

The kind of leadership Bill and I practice could be described as *laissez-faire* management. It allows for a lot of freedom in terms of giving others responsibility and authority. We consider it to be a part of our core philosophy of running a company.

Still, though we believe in *laissez-faire* management, we leave it up to our publishers to decide if they want to employ it themselves. We would like Agora to be a business where people are happy to push power away and thereby create more growth and opportunity for everyone below them. But we don't insist on it. It's up to the individual publisher.

Another thing we leave up to our publishers is whether or not they want to use our centralized services. We provide these services because we believe they are better than anything our publishers can get on their own. More efficient, less expensive, and more reliable. And, by the way, when they do go outside they almost always realize we're right. Within a year, they say goodbye to their outside vendors and come back.

We pretty much let every publishing group do their own thing, come up with their own ideas, do their own marketing and selling. But we draw a line. We don't allow them to say anything that is fraudulent or poorly researched in their advertising or marketing materials. We require everything to be run by our central legal department for an okay.

Yes, it is a limitation of their freedom. But it's a limitation we have to accept as responsible businesspeople.

When You Can't See the Boss Anymore

Freedom and control—that's Agora's management style. And I think it's been one of the secrets to success as we've grown. But that growth has also created some changes.

One of them has to do with the way we communicate with each other. If you had been hired when Agora was a truly small company with just six or eight employees, you would have seen Bill every day. Your desk might even have been next to his. You would have reported directly to Bill. And if you had a question, you would have just walked over and asked.

If you'd been hired a bit later when Agora had 30 or 40 employees—that's when I joined the company—Bill still would have been very accessible. His desk would have been a little further from yours, but you would have been able to talk to him pretty much whenever you wanted. You would have reported to someone else,

but there was only one degree of separation between you and Bill.

Then, once Agora had more than about 50 employees, the separation became wider. You would have reported to someone who reported to someone else who reported to Bill.

It's a necessary evolution. As Malcolm Gladwell explained in *The Tipping Point*, a person can effectively manage only seven or eight people at a time. If a manager has more than seven or eight people reporting to him, communication and follow-through become difficult and the system eventually breaks down.

In efficient human organization, and this includes tribes in Africa as well as Fortune 500 companies, work tends to be done by clusters of seven or eight people. In a startup business, the entrepreneur usually develops a small core of people who report directly to him. These people can have very different ideas about business, but that doesn't matter so much because they all take direction from him.

When new employees come into the fold, they are usually hired as subordinates of this core group. These new employees do not report to the entrepreneur directly. They report to someone in the core group. In such a situation, it is likely that the person they report to does not share all of the entrepreneur's ideas and preferences, but that doesn't pose a big problem.

Although the new employee reports to someone else, he is still in close contact with the entrepreneur and can easily understand what the entrepreneur wants. So that second-generation employee can modify what he does to satisfy both his boss and the entrepreneur.

This was basically the situation when I joined Agora. Most of the core people at the time had learned the business directly from Bill. Since these core people were Bill's protégées, they embraced his ideas about what the business needed to do to be successful. But these core people had different management approaches.

One, for example, had a very deliberate way of training and supervising her employees. Another one was very freestyle in her approach. And a third one was somewhere in between. Those differences affected some of the internal operations of each of the publishing groups. But the second-generation employees understood Bill's ideas and intentions.

The core team was always passing along his big ideas. Plus, Bill was always around and always available to any employee who wanted to speak to him. Soon after I got there, though, Agora went through a big growth spurt. This meant hiring a third generation of employees.

Many of these employees were reporting to people who were reporting to the core people who were reporting to Bill. Being thrice removed from Bill was a problem. They didn't necessarily get to speak to Bill or hear what he had to say. So to make sure the most important ideas made their way all the way through the organization, we began to have company-wide meetings and send out company-wide memos.

Today, Agora has over a thousand employees. In some cases, there are now five or six degrees of separation between them and Bill. This means that, despite attempts to keep everyone informed, it's no longer possible for the average employee to have any clear idea about what Bill thinks.

In fact, it's difficult for some employees to have direct contact with their own publishers since some of our

groups have third- and fourth-generation employees within themselves. What that means is that we have to do even more to let all of Agora's employees know what we think about our business.

What We Want for You

We want Agora to be a great place to work... for you and for everyone else. Here's what we mean by that.

We want Agora to feel like a friendly and welcoming place. We want it to be a place where, when you start as a new employee, you know you have the support of your colleagues.

We believe it's important for people working together to understand the core ideas of our business so they can focus on our primary goals and work without fear of being wrong. We want you to understand the big picture and feel free to help us achieve our larger goals without being given confusing or contradictory mandates.

We want you to have a work experience that feels challenging and enriching, not one that is filled with uncertainty.

And we believe we can make that happen by maintaining an environment that is free of politics.

An entrepreneurial environment like ours measures its progress on the outward goals of product quality and customer satisfaction. The political environment measures its progress on inward goals, the acquisition of power individually and in cliques.

When people in a company focus on their own interests, they begin to compete with one another in a mean way. When that happens, they forget about making better products and serving their customers.

You may have worked for a company that had a political culture. It is the kind of environment that has all sorts of unspoken rules. Rules about what you can say and how you can say it. Rules about how to dress, how to think. Rules that have nothing to do with business.

Have you ever felt you were in a position where you couldn't volunteer a good idea... where you felt that your boss didn't really want to hear from you or wasn't interested in recognizing your efforts?

You won't feel that way at Agora.

There's no room or reason for politics here. In a business like ours, everyone is focused on the same external goal: How we can give our customers a better experience by buying our products. To that end, everyone is concerned with quality and productivity. Everyone's ideas are valued and encouraged.

Unlimited Challenges... Unlimited Potential

I can't think of another business that even comes close to ours for fully challenging its employees to do more and to do better. What other business has such a strong demand for the most innovative ideas, images, and technology? Not TV, not movies. They're creatively challenging but not nearly as much as we are because we're competing on the front line every day.

The Internet has leveled the playing field. So if you're writing for us, you're competing with *The Wall Street Journal*, *The New York Times*, and *Newsweek*. You are literally trying to be the best in the world.

Technically, too, there's no business that's more challenging than ours. To analyze our marketing tests, to keep track of the numbers, we have to be very, very exact. One little mistake can send us off in the wrong direction. We say that our business has a technical side and a creative side. But the truth is the technical side demands enormous creativity in terms of logic, analysis, sequential thinking, and problem solving. And, in fact, some of the biggest contributions to Agora's growth have been made by our so-called technical employees.

No matter what your job title is, no matter what you did before coming to Agora, we want you to feel like there's no limit to your potential here. Because it's true. From the very beginning, Agora never had job requirements. Job requirements come from a bureaucratic approach to business.

At Agora, you never needed a certain kind of education or a certain number of years of experience. The only questions were "Who wants to make this happen?" and "Who wants to do the job?"

Ours is a business built on implementing ideas that are outside the mainstream, and we like to employ people who come from all kinds of backgrounds. Bill and I don't care if you have an MBA or even a college degree. We could care less whether you ever worked a day in your life. Just bring us your intelligence, commitment, enthusiasm, and a good work ethic. We'll give you the freedom and the space to do the good work you are capable of doing.

Agora is a \$500 million plus business right now, and it's still growing fast. Once a business crosses the \$500 million line, it's no longer considered to be a small business. But, as I said, Bill and I would like Agora to stay small in spirit. We want it to continue to be a place where anyone can accomplish just about anything. We want to preserve as much freedom and upward mobility as possible.

Having a decentralized structure allows us to function as a company made up of small entrepreneurial businesses, but it's complicated. We need a lot of people to make it work. We also need good systems, some of which must be centralized. This we accept as a fact of life. But we don't want any more organization than is necessary.

We want Agora to be a place where you can build your entire career while helping us achieve our business goals... a place where you can become the person you want to be, enjoy the company of your colleagues, make a ton of money and have a great time.

In other words, we want Agora to be a business without boundaries, vertical or horizontal. We want you to be able to move up as fast as your contributions merit and move laterally if a lateral move is better for you.

Growth creates opportunities and opportunity creates exciting careers. So growth is good not only for the company but for each employee. But growth has an unavoidable side effect. The side effect is change.

Change is sometimes good and sometimes bad. When it's good, we call it progress. When it's bad, we call it chaos. In either case, it creates problems. And that creates a certain amount of stress. It's a challenge for most of us. We must consistently strive for growth, consistently accept change, consistently solve problems that result from change and be prepared to deal with the stress it causes.

The antidote to stress is action. So when problems arise due to change, we want you to feel empowered to help solve them. We want you to welcome change. We want you not only to feel that we are all responsible for creating change but to feel that we are all responsible for fixing the problems that will inevitably rise.

Thanks to the Internet, our competitors can find out what we are doing almost instantaneously. This creates a much faster marketing environment than we had 30 years ago when Bill and I first got into the publishing business.

As a result, speed has become a critical component of our success. We can no longer afford to take six months to launch a product or six weeks to test a single idea. The faster ideas can be acted upon, the better we will do. We must embrace speed just as we must embrace change. And in doing so, we know that there will be mistakes and accidents along the way. These we accept as part of the process.

It goes back to the concept of accelerated failure. The faster we make the mistakes and learn from them, the sooner we can create positive growth.

It's going to take time for you to reach your potential at Agora. We recognize that. We know that it takes time to develop the skills you're going to need even if you already have some experience. We know you'll keep getting better as you go along, and we hope you'll accelerate your progress by doing whatever it takes.

That means asking questions, taking on extra work and educating yourself about the job. You want to be the best at what you're doing right now. Meanwhile, you want to find out what everybody else is doing.

If you see something that you'd like to do, figure out how to start doing it in your free time. Volunteer to help just for the learning experience. And one day there'll be an opportunity for you to make that move in your career.

You're not required to stay in any job here. We want you to find your own place, a place where you'll care about what you're doing and feel that you're making a valuable contribution to the business. We have a long history of people switching from one division to another because they just feel more comfortable with a different kind of product or a different mix of people. Just as important, we have a history of people setting their sights on a particular job and doing what they had to do to make the change.

A Few Quick Final Thoughts

There are four aspects to a business: the customers, the products, the employees, and the owners.

Some businesses focus on customers, some are product driven, and some are just about the owners or maybe about the employees too. In my opinion, the best companies are those that focus outside of themselves: on products and customers.

A company that is focused inwardly on profits and owner/employee benefits and compensation... that's not the kind of company I would want to work for. As I said, Agora bases its success on the outward goals of product quality and customer satisfaction. We've always cared enormously about our products and the value they provide our customers. That was Bill's modus operandi from day one.

At Agora, we respect our customers and spend a lot of time figuring out how to give them better and more useful products. And if we keep doing that, we'll always be a good as well as a successful company.

That's how Bill and I see Agora—as a company that values ideas and freedom and mobility, a company where, by caring about our customers and constantly thinking about how we can serve them better, you can achieve your personal career goals.

--Mark Morgan Ford

— Snapshot in Time —

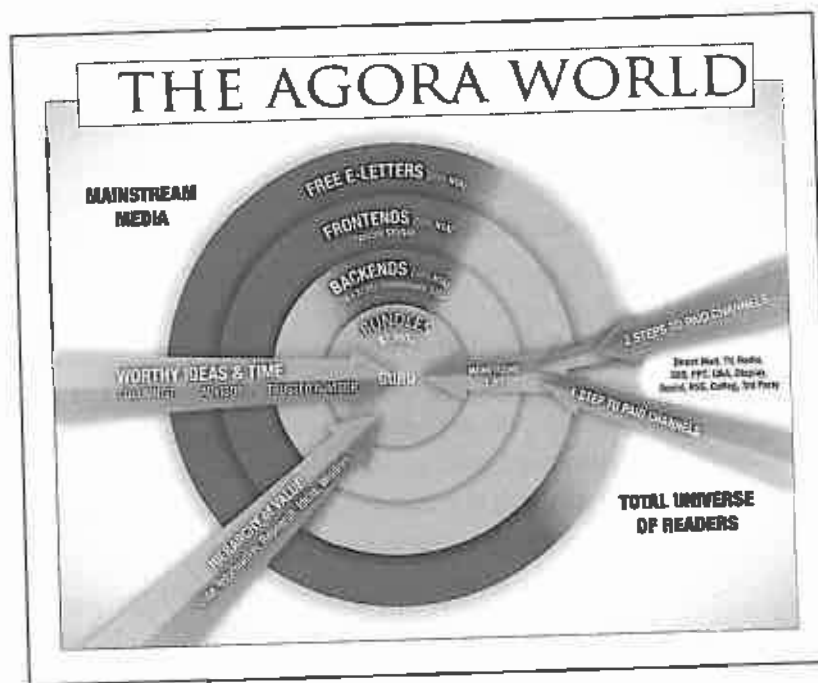
Friday, April 4, 2014

The Agora World

It was 9:30 a.m. on August 27, 2013. Bill, Laura, Federico, and I were sitting around the library table in 14 West. Federico was eager to launch new products and we were discussing how to do it. It was a challenge...

For most of his Argentine letters, Federico is the publisher, guru, and editor. Sometimes he's the copywriter, too. His editorial is time consuming and it is difficult to extend his guru identity across many more publications. We realized it was time for him to add a new guru at Inversor Global. He decided Ignacio, a columnist with a perspective distinct from his own, could rise to the occasion.

Let's examine what happened through the lens of "The Agora World."



Note the graphic above. It shows how Agora looks at the total universe of readers and how it draws a portion of them into Agora's world.

At the center, you see the guru, who begins as a columnist in the eyes of the reader. Often it happens in a daily eletter, like *Money Morning*, *The Daily Reckoning*, or *DailyWealth*. However, by sharing worthy ideas and investing the time required for understanding and confidence to grow, the columnist's relationship with his readers deepens.

In time, readers begin to perceive columnists as advisors. Then, as they increasingly earn trust, they become authorities in their domain and lead with ideas and recommendations that readers find valuable.

Federico encouraged Ignacio's relationship with readers to deepen. And, over time, he changed the nature of his own relationship with them. From this foundation, he launched a front end newsletter, *Revancha Argentino*, where he can take a different approach to almost anything Federico might recommend. Federico explains why the reader should get all his money out of Argentina. Ignacio suggests the best investment opportunities are right at home.

Both make wise recommendations and readers make better investment decisions by learning from both. The readers get more investment ideas from which to choose. And the business result? One year later, Ignacio's letter now outsells Federico's three to one.

Says Federico, "Yes, maybe it hurts my pride. But, oh well... It's great for the company!"

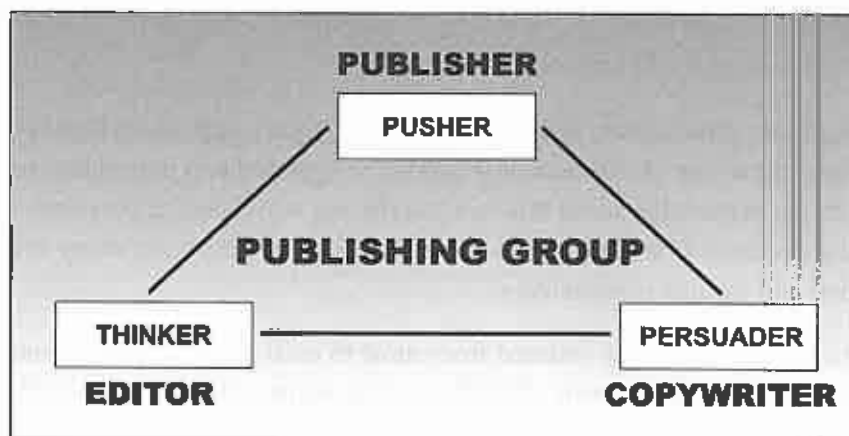
Readers aren't leaving Federico's letters—they are also subscribing to Ignacio's. This makes for fresh copy ideas and more exciting personality conflicts. The investment angles are more diverse.

Daryl told a similar story in a conference room in South Africa. "Agora Health used to publish the Dr. Atkins letter... which promoted a near all-meat diet. At the same time, Agora was publishing an all-vegetarian letter. And wouldn't you know it, something like 80% of readers were on both lists." This showed us that readers wanted effective diet ideas for an improved health outcome. How they got there, through meat or vegetables, did not matter. They wanted the opportunity to see both approaches.

New business growth becomes possible with multiple well-developed franchise identities and charismatic gurus. That is the beauty of the franchise system. It happens naturally... as each guru finds just the right way to communicate with his readers.

Agora's franchise model is the foundation of its idea-led publishing strategy. We can trace Agora's success back to the subsidiary and affiliate model of franchises, led by strong gurus, begun in the 1990s. Back then, affiliates were so small the concepts of affiliate and franchise were interchangeable.

Today, it is a different story. Each U.S. affiliate is so big it can publish a number of different ideas. Thus began the concept of "idea franchises." Within a single affiliate, we publish different ideas. Each idea that is successful can blossom into a full-fledged franchise, with the core components shown below.



There are three main roles in each idea franchise.

- The *publisher*, or pusher, understands the Unique Selling Proposition (USP) of the group and what makes a promotion work. He or she figures out which ideas are most saleable and pushes those worthy ideas through the editorial and copy phases and out to readers. The publisher is also responsible for spotting bad ideas and stopping them in their tracks.
- The *editor*, or idea guy, is the subject matter expert responsible for generating worthy ideas that readers can act on. He or she puts a name, face, and personality on those ideas, and deepens an ongoing relationship with readers in every letter.
- The *copywriter*, or persuader-in-chief, articulates the story that helps readers understand why the editor's worthy idea is beneficial. He or she transforms an idea from one that's exciting to consider into one that must be acted upon with urgency.

When these roles work in harmony, they can grow enough to become their own affiliates. For example, Mike Ward's Money Map Press and Robert Williams's Wall Street Daily both spun out of Julia Guth's Oxford Club. Similarly, the hard money group under Laura's guidance transitioned into Addison's affiliate, which is now called Agora Financial. And within this affiliate, there are seven main idea franchises.

They are:

1. The Small Caps / Trading Franchise
2. The Lifestyle / Laissez Faire / Self-Reliance Franchise
3. The Technology Franchise
4. The Macroeconomic / Strong Guru Franchise
5. The Resources / Commodities Franchise
6. The Income / Dividends Franchise
7. The Crisis & Opportunity / Fundamental Franchise

These form the foundation of the Agora Financial business because they work in the U.S.... and seem to have potential to work just about everywhere.

Note two important caveats to the list above:

1. The Macro franchise, in particular, lends itself to a strong guru approach. That is because its editors often explain how the entire global economy works, as opposed to a particular sector or strategy, and it takes a strong personality to do this in a convincing way. Ideally, however, strong gurus should lead all franchises. It is hard to find and cultivate great gurus, but every franchise benefits from their strong and distinct perspectives.
2. While these franchises are loosely ordered from most to least saleable, timing matters. You must be able to capture the *Zeitgeist*, the spirit of the times you are in... and should be able to change your

promotional focus with speed. Each idea franchise has its own "time in the sun," depending on what is happening in the world.

Every guru and franchise maintains Agora's storytelling approach... each its own tone, investing vision, and clear USP. It is a good way to grow a business, and it has been Agora's successful precedent for over 30 years.

—*Rocky Vega*

MARKET-BASED MANAGEMENT

When employees say what they like most—and least—about Agora, it is usually about how little formal management there is.

The like that they:

- feel free to extend themselves and try things
- can try out different jobs, even if they don't have the training
- sense that they can move up quickly

They don't like that they:

- sometimes get too little direction
- don't always know what our goals are and what is expected of them
- run into conflicts with other people, departments, divisions

Unlike many companies our size, Agora doesn't have a centralized, CEO-led, top-down business structure. Instead, we have about a dozen very distinct divisions, each of which is headed up by a publisher whose job it is to make the division succeed.

Myles Norin, Bob Compton, and Daryl Berver act as consultants, making suggestions and answering questions, but rarely "laying down the law," except for certain business practices that affect everyone.

This kind of arrangement has its pluses and minuses, as reflected in how Agora "feels" to its employees, particularly its new employees.

On the negative side, our management approach makes it harder to understand Agora's central mission, and it makes it easier to have confusing and sometimes troubling inconsistencies between divisions.

On the positive side, it gives each division a great deal of freedom to grow and succeed on its own terms. This, in turn, gives individual employees a great deal of freedom to take on responsibilities they wouldn't get in another business and to move easily from one job to another or from one division to another.

This management model pushes the decision-making process downwards, towards the people that are in the trenches and have the specific experience and intuition to make the right choices. It also frees our leaders to focus on larger issues of growth and development.

We do have some definite central standards. We have specific ideas on how well we want our customers to be treated, how fast we want to grow, how much profit we need to keep growing, and so on.

We recognize, too, that it's important to communicate these goals and guidelines to everyone who is affected by them and to help our employees get ahead and advance their careers.

Notwithstanding our commitment to communication and common objectives, Agora will remain a decentralized business whose management style is much closer to a free capitalist market than it is to a controlled economy.

To succeed in such an environment, it helps to be self-motivated and brave. Self-motivated enough to find your own answers and take on jobs, even if you aren't sure you can do them. Brave enough to ask questions and voice your opinions, even when they seem dumb or disruptive.

You can have an astonishingly good and successful career at Agora if you have the temerity and persistence to go after it. You can start as a database input operator and end up chief operations officer. Daryl Berver did. You can start as a customer service intern and move all the way up to worldwide ecommerce director. Brian York did. You can come in as marketing manager one year and end up group publisher another. Jenny Thompson is a perfect example.

And that's just the tip of the iceberg. There are so many opportunities for movement and advancement in a free market environment. They are as limitless as your imagination.

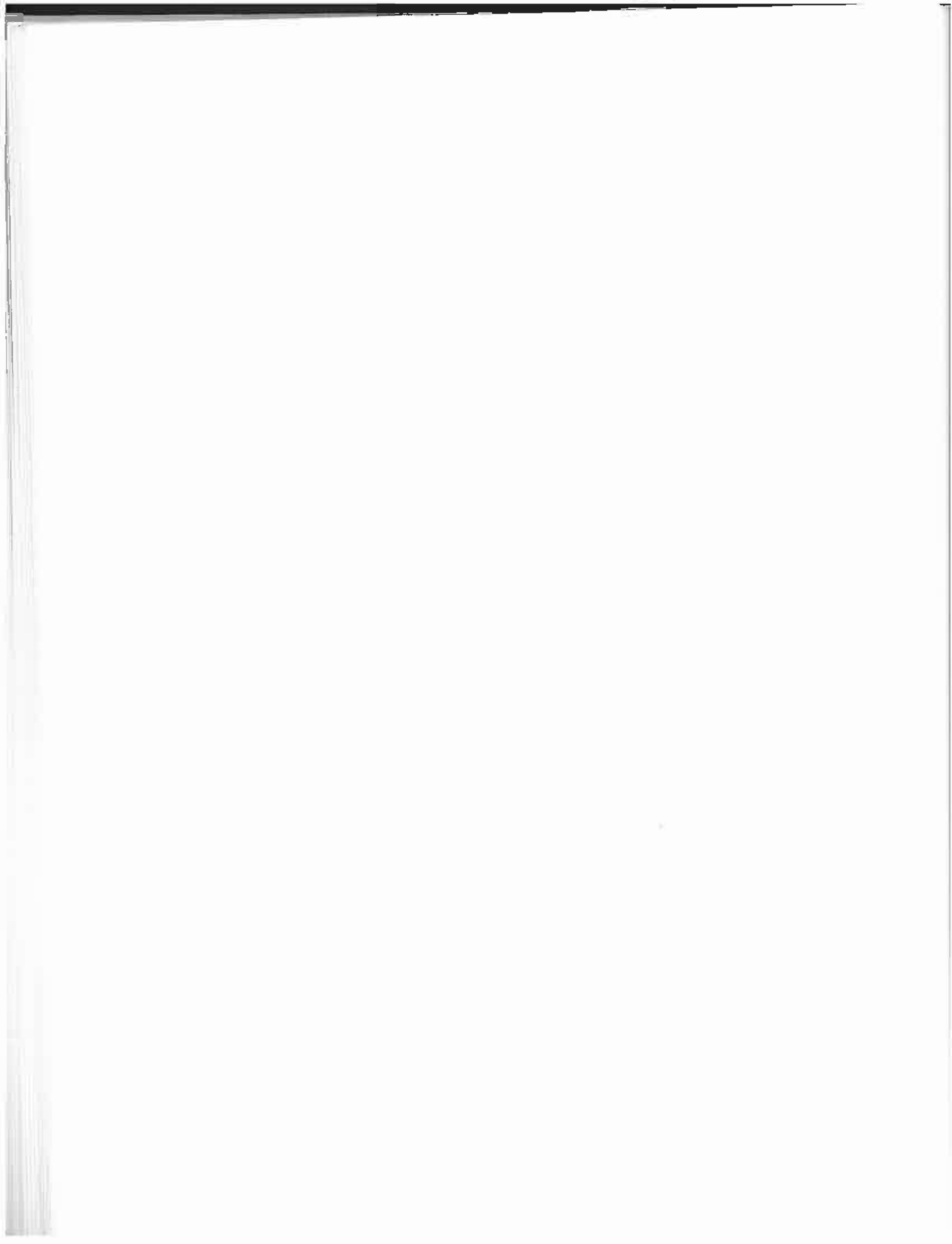
You don't have to be a go-getter to do well at Agora. If we were nothing but individualists, and assertive ones at that, we'd eat ourselves up like a pool of piranha eating piranhas. So if you are happy doing a good job and staying out of the fast track, you can do that too.

But if you want to go for the golden ring, here are some of the things I'd do if I were in your shoes:

1. Ask yourself whether you like what we're doing. You've got to like it. Ask yourself, too, whether you can embrace our goals with sincerity and enthusiasm. To succeed, you must. There's simply no other way.
2. Think about the idea of a "valued" and "valuable" skill. Do you have one? What is it? Make a plan to get better at it. Apply it to your job.
3. Walk around and meet people—in your department, in other departments, even in other divisions. Ask questions. Get answers. Figure out exactly what each group is doing. Discover what's important, the little secrets of success.
4. Focus entirely on the business objectives that lie before you. Spend as little time as possible thinking about interoffice relationships, gossip, or politics. These are all alluring temptations, but they will waste your valuable time and take you off track.
5. Do your job better than it's ever been done and then do someone else's job better than they are doing it. Or invent a new job and do that well.
6. Recognize that you'll enjoy yourself only if you care about what you do and do what you care about. Recognize that and then enjoy the hell out of your job.

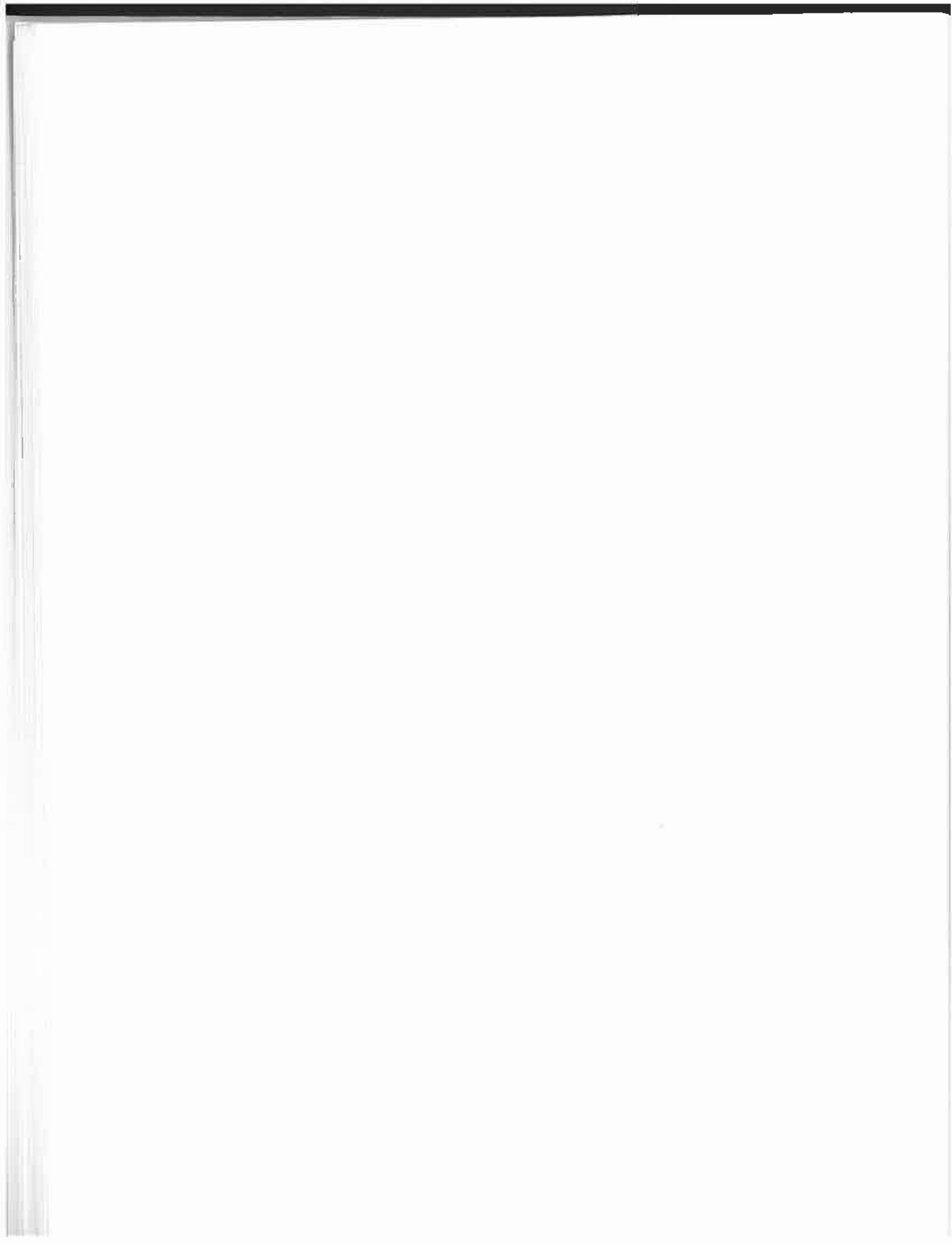
Whatever your ambition may be, there is no reason you can't achieve it at Agora. So long as it's worthwhile, dovetails with our overall plans, and makes or saves money, we'll be interested in helping you achieve it.

—Mark Morgan Ford



CHAPTER II

**WHERE YOU'VE ARRIVED AND
WHERE YOU ARE HEADED**



HOW YOU CAN GROW WITH AGORA

When Agora was founded in 1979, it was comprised of a small group of dedicated and determined people.

Initially, there was no grand plan to build a campus in a historic Baltimore neighborhood. In fact, there weren't even separate publishing groups with specific ideas about the world. Agora was one entity that housed various products.

As Agora evolved, each newsletter began to take on more contrasting and independent tones. Customers, muddled by the varying material, often inquired how one company could voice so many views. In order to create a more uniform and consistent message, the franchise system formed.

Each franchise has its own unique set of ideas, brand name, and logo. When the number of franchises grew, along with the quantity of newsletters, the demand for more employees also soared. Today, Agora has over 700 employees, all of which possess the fundamental goals and ideals of its founders. We have also expanded to 10 buildings within the Mount Vernon area.

We see the greatest results when employees grow by methods they themselves have tested. Agora shows you point A, the beginning, and point B, the end. How an employee gets between the two is up to them. By following this approach, you learn from your mistakes and you determine which methods or techniques work best. In turn, your co-workers learn and grow from your experiences and Agora becomes a stronger, more capable organization.

There are a lot of challenges to overcome because of our rapid growth. They require you to look for better ways to increase your worth and help the company as a whole, to identify voids and fill them. To fill the voids, we depend on employee input. If you are self-sufficient and driven, we can guarantee that you will not bump up against a glass ceiling. That said, Agora employees are not pretentious and there are not many egos. We are happy to work beside one another and no job is beneath anyone. We are one team.

Our message to new employees is to be patient, observe, listen, and do not be quick to judge. At times you may ask yourself how the Agora way of doing things makes sense. Why not have just one company and one method of running a business? Don't worry. Eventually you will see the beauty of how this eclectic world fits together—and works very well.

At Agora, we also embrace competition.

We believe competition helps each franchise grow. We also believe that publishers should not be restricted from branching out. They should have a say in the best way to run "their" business. Through competition comes innovation. We are a company based on ideas and competition. This allows the company as a whole to

see what works best. If we were one unit, we would not have this freedom.

When we compete, we can grow and access new customers.

In the spirit of this belief, Agora is not afraid of external competition either. Many years ago, we initiated the Publishers Roundtable. It is a yearly event where we invite other publishing companies in our space to share their best ideas about what is working or not working. Attendees include Weiss, Newsmax, Boardroom, Forbes, InvestorPlace, Kiplinger, Motley Fool, Zacks, and many more.

Not all of our competitors are receptive to this idea. Some feel it is best to hold onto their secrets. However, it is our theory that in order for Agora to grow we need our competitors to grow also. There is no infinite universe of newsletter readers and we cannot spend millions of dollars trying to acquire all of them. We need our competitors to share in the cost of finding subscribers and, when they do, swap or rent their lists.

Agora has come a long way from its humble beginnings, and we rely heavily on the hard work of our employees to maintain what has taken more than 30 years to build. It is great to have become the largest privately held publishing company in the U.S., possibly even the world. But don't get me wrong. Every company wants to be number one. This means we need to work extremely hard to ensure we never get complacent and are always looking for new and innovative ways to evolve.

New employees like you are essential to our growth. Your fresh perspective and energy is necessary to our ongoing success. So please speak up, work hard, and help us plant the seeds for another 30 great years.

—Bob Compton

THE 3 WS OF CAREER SATISFACTION

They say that the three most important decisions in life are:

1. What you do
2. Who you do it with
3. Where you do it

Let's talk about how that applies to your career.

We begin with youthful dreams. They dissipate with experience. We take a job to make ends meet, and then another to improve our income, and then another. And before we know it, we have had a "career."

It is a meandering path. And sometimes we find that what we are doing is something other than what we really want to do. We don't want that to happen to you at Agora.

So let me ask...

Question #1: What are you doing?

It is never too late to ask "Am I doing what I want to do? Is this job giving me all of the benefits I want and need?"

Take a few moments now to think about this. It might help to look at what I consider to be the perfect job for me:

- I would be happy to do the work for free.
- I believe the work I do has value—for me and for the people who pay me for it.
- It is fully challenging. It engages both the logical and the creative sides of my brain.

If your job is not perfect, don't panic. If it is paying the bills, that is something. Our first responsibility, as moral citizens of the world, is to support the financial well-being of our families.

But if your work falls short in other areas—if, for example, it doesn't challenge your intelligence and imagination—you should commit to making changes.

At Agora, this should be easy. If you are lucky, you may discover an opportunity to slip into your "perfect" job. More likely, you can identify the job you want to do here and move toward it step-by-step by making adjustments.

Question #2: Who are you doing it with?

To a great extent, the people you work with determine both the satisfaction and the success you will have from your job. If you stop to think about the work experience you've had, you will realize that much of the pleasure or pain came from your interactions with other people. And you may think that you had no choice in these matters. After all, you can't hire your boss.

But at Agora, you do have choices. And we encourage you to explore those choices to make sure you're in the perfect job for you... with the perfect people.

By "the perfect people," I don't just mean people you like. You should respect each other, too. They should have skills and talents you admire, just as you should have skills and talents they admire.

Question #3: Where are you doing it?

Some people don't mind a long commute. In fact, they enjoy it. They might spend an hour or more every day in the car or on a train... and they use this time to listen to music or educational tapes. Other people—like me—prefer a very short commute. For me, it's important to be able to walk, bike, or drive to work in less than 15 minutes.

So that is part of the "where" question.

Then there's your office...

Since you are likely to be spending a big portion of your day there, you should make sure you like everything about it. It should be a haven where you can work productively... a bit of paradise filled with things that give you pleasure.

Putting It All Together

Having a great career is very much about personal satisfaction. That means you must be doing work that is rewarding... with people who make it easier for you to achieve your objectives... in an environment that is pleasing.

Ask yourself the three questions I posed above. If you're not happy with your answers... start doing something about it today.

—Mark Morgan Ford

A Simple Strategy to Push You to the Top

To be truly successful at Agora, you must do more than just work hard. You must stay *au courant* with your competition. If you are a ballet dancer, that might mean studying videotapes of lots of other dancers. If you sell hamburgers, it would mean eating a lot of hamburgers. In publishing, it means reading lots of newsletters and sales packages.

Being knowledgeable about Agora and our competitors' publications and promotions is invaluable in terms of getting ideas and developing products. But there are hundreds of publications to read each month, and at least that many promotions.

If you had to read them all, you'd have time for nothing else.

I've found that you can keep solidly up-to-date by following this simple procedure:

- *As new material comes in, separate the wheat from the chaff immediately.* If you don't, you'll end up with a foot-high pile of "stuff" that will look intimidating and may, therefore, just sit there.
- *Throw out what you're not going to keep and prioritize the rest.* The goal is to skim through at least one newsletter and one promotion a day. That's more than enough to know what's going on in our industry and get all kinds of ideas.
- *Since the material tends to arrive in batches, file it in a calendar file.* Put one newsletter and one promotion in each daily pocket. Once the folder fills up, put nothing into it without taking something out. This way you won't give yourself more than you can do.
- *Schedule 30 minutes a day to do the reading.* Read the best of the best for new ideas and to use as models to show others what you mean by "good." You should also read any pieces that are performing poorly. (Read them with an eye toward how they could be fixed.)

A word about eletters: there are so many of them out there that you can easily spend all of your time reading eletters alone. Myles suggests that you choose one eletter per week and read every issue for that week. Then rotate to another one. This will give you a good understanding of each service without being overwhelmed.

If you are working your way up, I can't think of a better way to spend 15 to 30 minutes a day. The reward you get—having those you work with see you as knowledgeable and creative—will go a long way toward pushing you to the top of your field.

—Mark Morgan Ford

HOW WILL YOU MEASURE YOUR LIFE?

Before I published *The Innovator's Dilemma*, I got a call from Andrew Grove, the then chairman of Intel.

He had read one of my early papers about disruptive technology and asked if I could talk to his people about what it implied for Intel. Excited, I flew to Silicon Valley and showed up at the appointed time, only to have Grove say, "Look, stuff has happened. We have only 10 minutes for you. Tell us what your model of disruption means for Intel."

I said I couldn't—I needed a full 30 minutes to explain the model, because only with it as context would any comments about Intel make sense. Ten minutes into my explanation, Grove interrupted: "Look, I've got your model. Just tell us what it means for Intel."

I insisted I needed 10 more minutes to describe how the process of disruption had worked its way through a very different industry, steel, so that he and his team could understand how disruption worked. I told the story of how Nucor and other steel mini-mills had begun by attacking the lowest end of the market—steel reinforcing bars, or rebar—and later moved up toward the high end, undercutting the traditional steel mills.

When I finished the mini-mill story, Grove said, "Okay, I get it. What it means for Intel is..." He then went on to articulate what would become the company's strategy for going to the bottom of the market to launch the Celeron processor.

I've thought about that a million times since. If I had been suckered into telling Andy Grove what he should think about the microprocessor business, I'd have been killed. But instead of telling him what to think, I taught him how to think—and he reached what I felt was the correct decision on his own.

That experience had a profound influence on me. When people ask what I think they should do, I rarely answer their question directly. Instead, I run the question aloud through one of my models.

I'll describe how the process in the model worked its way through an industry quite different from their own. And then, more often than not, they'll say, "Okay, I get it." And they'll answer their own question more insightfully than I could have.

My class at Harvard Business School is structured to help students understand what good management theory is and how it is built. To that backbone, I attach different models that help students think about the dimensions of a general manager's job in stimulating innovation and growth.

In each session, we look at one company through the lenses of those theories—to explain how the company got into its situation and examine what actions will yield the needed results.

On the last day of class, I ask my students to turn those theoretical lenses on themselves, to find cogent answers to three questions:

- First, how can I be sure that I'll be happy in my career?
- Second, how can I be sure my relationship with my family becomes an enduring source of happiness?
- Third, how can I be sure I'll stay out of jail?

Though the last question sounds lighthearted, it's not.

Two of my 32 Rhodes Scholar classmates in 1979 spent time in jail. Jeff Skilling of Enron fame was one of them. These were good guys—but something sent them in the wrong direction. As students discuss the answers to these questions, I open my own life to them as a case study, to illustrate how they can use these theories to guide their life decisions.

One theory that gives insight on the first question—"How can I be sure that I'll be happy in my career?"—is from psychologist Frederick Herzberg, who asserts that the most powerful motivator in our lives isn't money; it's the opportunity to learn, grow in responsibilities, contribute to others, and be recognized for achievements.

I describe the vision I had while running the company I founded before becoming an academic.

In my mind's eye, I saw one of my managers leave for work one morning with a relatively strong level of self-esteem. Then I pictured her driving home to her family 10 hours later, feeling unappreciated, frustrated, underutilized, and demeaned. I imagined how profoundly her lowered self-esteem affected the way she interacted with her children.

The vision in my mind then fast-forwarded to another day, when she drove home with greater self-esteem—feeling that she had learned a lot, had been recognized for achieving valuable things, and had played a significant role in the success of important initiatives.

I imagined how positively that affected her as a spouse and a parent.

My conclusion: Management is the most noble of professions if it's practiced well.

Few occupations offer as many ways to help others learn and grow, take responsibility, earn recognition for achievement, and contribute to the success of a team.

MBA students come to school thinking that business means buying, selling, and investing in companies. That's unfortunate. Doing deals doesn't yield the deep rewards that come from building up people.

I want students to leave my classroom knowing that.

Create a Strategy for Your Life

A theory helpful in answering the second question—"How can I be sure my relationship with my family becomes an enduring source of happiness?"—concerns how strategy is defined and implemented.

Its primary insight is that a company's strategy is determined by the types of initiatives that management invests in. If a company does not manage its resources well, what emerges can be very different from what management intended.

Often, because company decision-making systems are designed to steer investments to initiatives that offer tangible and immediate returns, they shortchange investments in initiatives that are crucial to long-term strategies.

Over the years, I've watched the fates of my classmates from 1979 unfold. I've seen them come to reunions unhappy, divorced, and alienated from their children. I can guarantee you not a single one graduated with the deliberate strategy of getting divorced and raising children who would become estranged from them. And yet a shocking number of them implemented that strategy.

The reason? They didn't keep the purpose of their lives front and center as they decided how to spend their time, talents, and energy.

It's startling that a significant fraction of the 900 students that Harvard Business School draws each year from the world's best have given little thought to the purpose of their lives. I tell students this might be one of their last chances to reflect on that question.

If they think that they'll have more time and energy to reflect later, they're nuts. Life only gets more demanding: You take on a mortgage; you're working 70 hours a week; you have a spouse and children.

For me, having a clear purpose in my life has been essential. But it was something I had to think about before I understood it. When I was in a very demanding academic program and trying to cram in an extra year's worth of work, I decided to spend an hour every night reading, thinking, and praying about why God put me on this earth. That was a challenging commitment to keep, because every hour I spent doing that, I wasn't studying applied econometrics.

I was conflicted about whether I could afford to take that time away from my studies, but I stuck with it—and ultimately figured out the purpose of my life.

Had I instead spent that hour each day learning techniques for autocorrelation in regression analysis, I would have badly misspent my life. I apply the tools of econometrics a few times a year, but I apply the purpose of my life every day. It's the single most useful thing I've learned.

I promise my students that if they take the time to figure out their life purpose, they'll look back on it as the most important thing they discovered. If they don't figure it out, they will sail off without a rudder and get buffeted in the rough seas of life.

My purpose grew out of religious faith, but faith isn't the only thing that gives people direction. For example, a former student decided his purpose was to bring honesty and economic prosperity to his country and raise children who were as capably committed to this cause, and to each other, as he was. His purpose is focused on family and others—as mine is.

The choice and successful pursuit of a profession is but one tool for achieving your purpose. But without purpose, life can become hollow.

Allocate Your Resources

Your decisions about allocating your personal time, energy, and talent shape your life's strategy.

I have a bunch of "businesses" that compete for these resources: I'm trying to have a rewarding relationship with my wife, raise great kids, contribute to my community, succeed in my career, contribute to my church, and so on. And I have exactly the same problem that a corporation does.

I have limited time, energy, and talent. How much do I devote to each pursuit?

Allocation choices can make your life turn out differently from what you intended. Sometimes that's good: Opportunities you never planned for emerge. But if you mis-invest your resources, the outcome can be bad.

As I think about my former classmates who inadvertently invested for lives of hollow unhappiness, I can't help believing that their troubles relate right back to a short-term perspective.

When people who have a high need for achievement have an extra half-hour of time, or an extra ounce of energy, they'll unconsciously allocate it to activities that yield tangible accomplishments.

And our careers provide the most concrete evidence that we're moving forward. You ship a product, publish an essay, complete a presentation, increase sales, get paid, get promoted.

In contrast, investing time and energy in your relationship with your spouse and children typically doesn't offer that same immediate sense of achievement. Kids misbehave every day. It's really not until 20 years down the road that you can put your hands on your hips and say, "I raised a good son."

You can neglect your relationship with your spouse and, on a day-to-day basis, it doesn't seem as if things are deteriorating.

People who are driven to excel have this unconscious propensity to under-invest in their families and overinvest in their careers—even though intimate and loving relationships with their families are the most powerful and enduring source of happiness.

If you study root causes of business disasters, you'll find this predisposition toward endeavors that offer immediate gratification. If you look at personal lives through that lens, you'll see the same stunning and sobering pattern: people allocating fewer and fewer resources to things they once would have said mattered most.

There's a model called the Tools of Cooperation, which says being a visionary manager isn't all it's cracked up to be. It's one thing to see into the foggy future with acuity and chart course corrections your company must make. But it's quite another to persuade employees who might not see the changes ahead to line up and work cooperatively to take the company in that new direction.

Knowing what to do to elicit needed cooperation is a critical managerial skill.

The theory arrays these tools along two dimensions:

- The extent to which members of your organization agree on what they want from their participation, and
- The extent to which they agree on what actions will produce the desired results

When there is little agreement on both axes, you have to use "power tools"—coercion, threats, punishment, and so on—to secure cooperation.

Many companies start in this quadrant, which is why founding executives must play such an assertive role in defining what to do and how. If employees' ways of working together to address those tasks succeed over and over, consensus begins to form.

Edgar Schein, Professor Emeritus at MIT's Sloan School of Management, described this process as how a culture is built. Ultimately, people don't even think about whether their way of doing things yields success. They embrace priorities by instinct rather than by explicit decision—which means that they've created a culture.

Culture, in compelling but unspoken ways, dictates the proven, acceptable methods by which members of the group address recurrent problems. And culture defines the priority given to different types of problems. It can be a powerful management tool.

In using this model to address the question "How can I be sure my relationship with my family becomes an enduring source of happiness?" students see the simplest tools parents can wield to elicit cooperation from children are power tools. But there comes a point during the teen years when power tools no longer work.

At that point, parents start wishing they had begun working with their children at a young age to build a culture in which children instinctively behave respectfully toward one another, obey their parents, and choose the right thing to do. Families have cultures, just as companies do. Those cultures can be built consciously or evolve inadvertently.

If you want your kids to have confidence that they can solve hard problems, those qualities won't magically materialize in high school. You have to design them into your family's culture—and you have to think about this very early on. Like employees, children build self-esteem by doing things that are hard and learning what works.

Avoid the "Marginal Costs" Mistake

We're taught in finance and economics that, in evaluating alternative investments, we should ignore sunk and fixed costs and, instead, base decisions on the marginal costs and marginal revenues that each alternative entails.

We learn that this doctrine biases companies to leverage what they have put in place to succeed in the past, instead of guiding them to create the capabilities they'll need in the future. If we knew the future would be exactly the same as the past, that approach would be fine. But if the future's different—and it almost always is—then it's the wrong thing to do.

This theory addresses the third question I discuss with my students: "How can I be sure I'll stay out of jail?"—in other words, how to live a life of integrity.

Unconsciously, we often employ the marginal cost doctrine in our personal lives when we choose between right and wrong. A voice in our head says, "Look, I know that, as a general rule, most people shouldn't do this. But in this particular extenuating circumstance, just this once, it's okay."

The marginal cost of doing something wrong "just this once" always seems alluringly low. It suckers you in, and you don't ever look at where that path ultimately is headed and at the full costs the choice entails. Justification for infidelity and dishonesty in all their manifestations lies in the marginal cost economics of "just this once."

I came to understand the potential damage of "just this once" in my own life.

I played on the Oxford varsity basketball team. We worked our tails off and finished the season undefeated. The guys on the team were the best friends I've had in my life. We got to the British equivalent of the NCAA tournament—and made it to the final four.

It turned out the championship game was on a Sunday. I had made a personal commitment at age 16 that I would never play ball on Sunday. So I went to the coach and explained my problem. He was incredulous. My teammates were too, because I was the starting center.

Every one of the guys on the team came to me and said, "You've got to play. Can't you break the rule just this one time?"

I'm a deeply religious man, so I went away and prayed about what I should do. I got a clear feeling that I shouldn't break my commitment—so I didn't play in the championship game. In many ways, it was a small decision, involving one of several thousand Sundays in my life. In theory, I could have crossed the line just that once and not done it again.

But looking back on it, resisting the temptation whose logic was "In this extenuating circumstance, just this once, it's okay" has proven to be one of the most important decisions of my life. Why?

My life has been one unending stream of extenuating circumstances. Had I crossed the line that one time, I would have done it again in the years that followed. I learned that it's easier to hold to your principles 100% of the time than 98% of the time.

If you give in to "just this once," based on a marginal cost analysis, as some of my former classmates have done, you'll regret where you end up. You've got to define for yourself what you stand for and draw the line in a safe place.

Remember the Importance of Humility

At Harvard College, I asked students to describe the most humble person they knew. One characteristic of these humble people stood out: They had a high level of self-esteem.

They knew who they were and felt good about who they were. We also decided humility was defined not by self-deprecating behavior or attitudes but by the esteem with which you regard others. Good behavior flows naturally from that kind of humility.

It's crucial to take a sense of humility into the world. When you're still in school, almost all your learning comes from people (parents, teachers) smarter and more experienced than you. But once you graduate, the vast majority of people you interact with on a day-to-day basis may not be. If your attitude is that only smarter people have something to teach you, your learning opportunities will be limited.

But if you have a humble eagerness to learn from everybody, your learning opportunities will be unlimited. Generally, you can be humble only if you feel good about yourself—and you want to help those around you feel good about themselves, too.

When we see people acting in an abusive, arrogant, or demeaning manner toward others, their behavior almost always is a symptom of their lack of self-esteem. They need to put someone else down to feel good about themselves.

Choose the Right Yardstick

This past year, I was diagnosed with cancer and faced the possibility my life would end sooner than I'd planned. Thankfully, it looks as if I'll be spared. But the experience gave me important insight into my life.

I have an idea of how my ideas generated enormous revenue for companies that used my research; I know I've had a substantial impact. But as I've confronted this disease, it's been interesting to see how unimportant that impact is to me now. I've concluded that the metric by which God will assess my life isn't dollars but the individual people whose lives I've touched.

I think that's the way it will work for us all. Don't worry about the level of individual prominence you have achieved; worry about the individuals you have helped become better people.

This is my final recommendation: Think about the metric by which your life will be judged, and make a resolution to live every day so that, in the end, your life will be judged a success.

—Clayton M. Christensen

FAST-TRACKING YOUR SUCCESS WITH AGORA

We want your experience as an Agora employee to be completely gratifying. We want it to provide you with everything a great career can offer. The opportunity to do the kind of work you are best at doing... with people you like and respect... making the money you want to make and having the flexibility you need to accomplish your career goals.

You were hired because we were impressed with your knowledge, experience, and skills. But also because of your intelligence and disposition—and because the people who met and spoke with you felt you would be a great addition to our community.

Many businesses offer formal career paths. Their employees' futures are mapped out for them from day one. "Follow the rules and you will move up according to our Big Plan," they seem to say. Some people feel comfortable working in such a structured environment. You were hired because we think you are probably not one of those people.

Many businesses have "political" cultures. These are companies where the rules are often invisible. They don't focus on producing good products or pleasing customers. Instead, they are focused on satisfying the whims of the executives who hold power. In our view, these are the worst sorts of businesses. And although Agora is a pretty big "small" company, we truly believe you will never encounter that sort of thing here.

We have found, over many years, what works for us. The results speak for themselves.

Understand Agora, how it works, and your place in it. When you do that, your future will be bright indeed.

You will find that we have a distinct worldview that includes the following key concepts:

1. Innovation and Speed Are Essential.

Ours is a challenging business. To develop worthy new products and promotions, we must be very creative. We must train ourselves to brainstorm without inhibition. To reinvent protocols and procedures from scratch. We cannot accept the logic of "If it ain't broke, don't fix it."

At Agora, we believe in innovation. In such an environment, change is constant. People who like to think ahead of the curve or outside of the box tend to do well here. But innovation alone is not enough. We are in competitive markets. So we must innovate quickly. Innovation is essential to our growth. Speed is essential to our survival.

As an Agora employee, you can expect to be continually learning new things and revising and improving old

things. You will always be asking yourself, "How can we do this better? How can we do this faster?"

2. Messiness and Confusion Is Part of the Process.

A side effect of innovation and speed is a certain amount of messiness and confusion. We do our best to keep it to a minimum, but we recognize that it will always be with us to some degree.

Think of it this way. When you decide to have children, you accept the fact that they will bring a good deal of messiness and confusion into your life. You don't like messiness and confusion, but you accept it as an unavoidable part of providing them with the space and freedom they need to become strong, independent adults. As long as you keep that higher objective in mind, you even learn to almost enjoy it.

3. Generating Ideas Is Part of Everyone's Job.

Your job description may be limited, but your opportunities to contribute ideas are not. The more you think about how we can improve the customer's experience, the more ideas you will get. And the more you do it, the easier it will be.

Of course, you're not going to get much credit for all those good ideas unless they are accepted and successfully implemented. A word of warning: Even when you have a good idea, be prepared to have your ideas shot down... at least in the beginning. There's a good reason for this. As a new employee, you can't possibly know all there is to know about what's been done before. There's no way for you to know what has worked and what hasn't.

The important thing is that you train yourself to be an idea generator. This will make you a more valuable employee to your working group, your affiliate, and the company. It will pay off for you in the long run.

4. Friendly Competition Is Encouraged.

Being a decentralized business with independent publishing franchises, we are in the position of sometimes competing with one another.

We think that is natural and positive. But we believe the competition must be balanced by cooperation and flexibility.

That is why we encourage our publishers to help one another in every possible way. This includes sharing ideas and information. It also involves moral support, being there for each other on a personal level.

We believe that by conducting ourselves with generosity and good feelings we will all achieve more. And that attitude allows us as a company to more easily continuously improve the value we provide to our customers.

The Principles of Accelerated Failure & Ready, Fire, Aim

This is probably a good place to mention that we are not a "why" company. We are a "what" company. We never know exactly what will work. And when we find out what works, we still don't know why it works.

So all we can do is keep on experimenting. This is just another way of saying we do not believe in top-down, central planning. We don't have the answers. You have to find them yourself. By trying things.

And that's where our principles of "accelerated failure" and "Ready, Fire, Aim" come in.

Accelerated Failure

Most businesses do not want you to fail. We are different. We like you to fail... as long as you do it right. The trick is to get through the failures as quickly and cheaply as possible.

You want to fail fast... and cheaply. Then, by eliminating the things that don't work, we are left with the things that do.

The problem with that, of course, is that some mistakes can be serious. So we can't allow every employee to implement every idea they come up with. That would be crazy. But we do try to allow for as much mistake-making freedom as we can.

There were times when, seeing one of our key employees making a big mistake, I felt like taking over and telling everyone exactly what to do. But I knew I couldn't do that. This wasn't the kind of leadership Bill had established.

The idea is to become more efficient over time by learning from your mistakes and, thus, gradually increasing your ratio of successes over failures.

To ensure that employees learn from their mistakes, the company publicizes them. Executives are encouraged to talk freely at meetings and at seminars about failed attempts, and marketing failures are available for study, along with details of successful promotions.

Before a new product or promotion is launched, the originator can compare the idea to everything similar that's been done before. Keeping that knowledge fresh in everyone's mind makes it less likely that foolish mistakes will be made in the future.

A big component of making this principle work is an attitude that says it's okay to fail. So long as the company's innovators take advantage of the knowledge that has been so expensively acquired, they are never criticized for failure. Bill doesn't do it. And neither do any of his top executives. That message—that it's okay to fail—is understood companywide.

Ready, Fire, Aim!

To stay ahead of the competition, we have to get our good ideas to the marketplace as soon as possible. So we don't worry about getting an idea exactly right before we try it out. We quickly get it "right enough." (*Ready!*) Then we test it on a small scale. (*Fire!*) If the test works, we go back and do some fine-tuning. (*Aim!*) If the test doesn't work, we don't waste any more time or resources on that idea. We junk it and go on to the next one.

The Ready, Fire, Aim strategy is fundamental to the amazing growth Agora has experienced.

Around 2000, there was a lot of discussion in the company about the Internet and how important it would be to our future. Most thought it was significant. But many believed it would never be more than a secondary source of additional revenue.

Another topic of debate was about what road to take. Some wanted to build big websites and bring in new customers through search engine optimization, viral marketing, and other "pull" marketing techniques. Others wanted to stick to what the company knew best—"push" marketing. This is done through paid Internet advertisements for low-priced, front-end products in order to create a list of buyers, and then selling those buyers higher-priced, back-end products via email.

Agora could have spent years and millions of dollars investigating, planning, and preparing for this change. In fact, many of the company's competitors did just that. But because Bill believed in Ready, Fire, Aim and accelerated failure, he encouraged each division head to take whatever path he wanted—push or pull. And to individualize their efforts in some unique way so that, by the end of a year or two of such experimentation, the company would be able to have failed a good deal and, hopefully, succeeded as well.

"Do whatever you think makes the most sense," Bill told his senior executives. "But do it quickly."

For two years, the company's marketers and product managers were extremely busy trying to keep the old direct-mail-based business going while building a new business based on different ideas about how the Internet should work for them. So many people were doing different things at such speed that it became impossible for operations and accounting to keep up with it all.

Problems cropped up, and those problems were discussed openly. Senior management tried to interpret marketing data when it seemed contradictory and to communicate lessons learned when they seemed definitive. By about the end of 2002, one of the company's Internet publications was working well—growing quickly and showing very good profits. Some of the other groups' Internet efforts were working, too. But none was showing as much growth as this one.

Almost immediately, three of the other group heads changed their programs to reflect its success. Inside of 30 months, Agora had gone from knowing nothing about Internet marketing to having a working model that was growing at the rate of 30-50% per year.

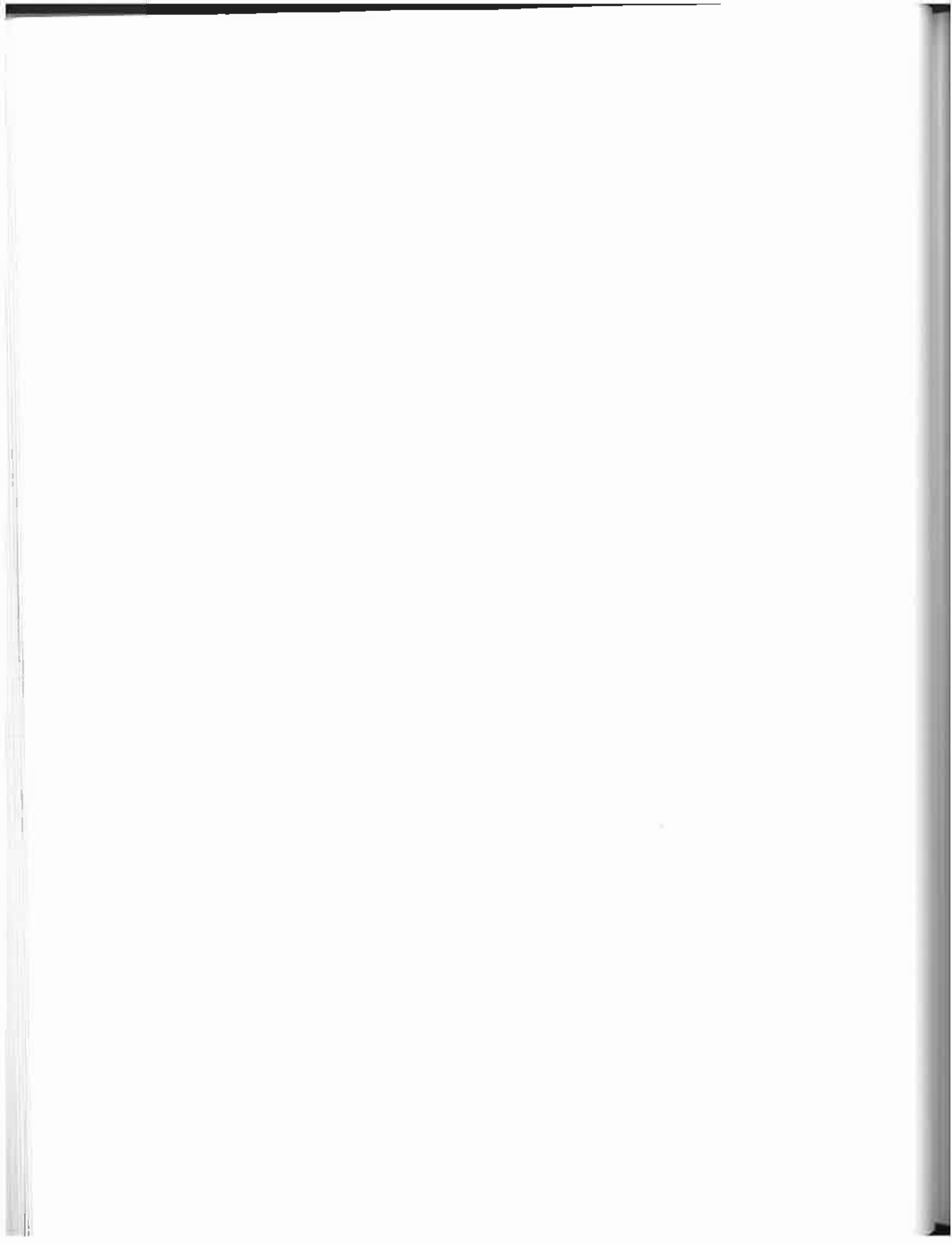
In theory, Ready, Fire, Aim comes with a cost: the additional expenses involved in fixing later what could have been fixed at the beginning. The expression "A stitch in time saves nine" comes to mind.

In fact, Ready, Fire, Aim saves money—and for a very good reason. It shortens the time it takes to do just about everything. It reduces the cost of failure, increases the likelihood of success, and diminishes the damaging impact that time has on all good ideas.

—Mark Morgan Ford

CHAPTER III

AGORA THROUGH THE YEARS



AGORA'S EVOLUTION

Agora began with just one newsletter, *International Living*. To this day, IL offers practical advice about lifestyle, real estate, and retirement in countries around the world. Like any startup, it relied on a small staff and began with a few subscribers to get going.

Today, Agora publishes more than 300 books, 50 newsletters in finance, health, business, and lifestyle, and reaches millions of readers around the world. For the past several years, *The Baltimore Sun* found Agora one of Baltimore's top places to work.

This wasn't always the case...

When Agora moved to Baltimore from Washington, DC in the 1980s, its corporate offices consisted of a very modest row house in a terrible section of town. Agora employed off-duty police officers to escort employees to and from the parking lots.

It would have been hard to envision Agora's Baltimore offices now housed in several restored historic mansions throughout the Mount Vernon neighborhood. At the time, the buildings we now treasure were still slums.

Times have changed. Agora now has over 700 employees and occupies about 10 buildings in Maryland and more in Florida. Around the world, hundreds more employees work with Agora-affiliated companies similar to those in the U.S.

Many important moments and superstars have brought us to where we are today, and too few are noted below. The same is true for the affiliates and publications launched, and even the buildings we've moved into. But it's better to have even a bit of history recorded than none at all...

An Agora Timeline

1979 – Bill Bonner launches *International Living*.

1980 – *Hulbert Financial Digest* is launched, bringing Agora into investment publishing.

1985 – Mark Ford launches an independent *Oxford Club*; Bill launches *Financial*.

1986 – Beth Ketzner starts working with Agora.

1987 – *Taipan* is founded; Jenny Thompson, Sandy Franks, Erika Nolan, Manisha Bhatt, and Tina Franks join Agora.

1989 – Daryl Berver is hired as a fulfillment assistant; Julia Guth joins as Passport Club membership director.

1991 – Laura Davis is hired as chief financial officer; Catherine Flannery works with World Money Analyst in Hong Kong to launch international group; Agora now has 35 employees in Baltimore.

1992 – NewMarket Health is launched; Jack Forde begins as a copywriting intern; The Passport Club and Oxford Club merge.

1993 – Addison Wiggin is hired as an intern; Mark Ford begins consulting; Agora begins working with Fleet Street Publications in the UK.

1994 – Corporate headquarters settles into 14 West Mount Vernon Pl.; Karen Reddel is hired as an editorial assistant; *The Plague of the Black Debt* bookalog from James Dale Davidson and written by Lee Euler becomes a legendary copywriting success; English publisher of academic titles Pickering & Chatto is affiliated with Agora.

1995 – Myles Norin is hired by Laura Davis as financial director; Matt Turner is hired as general counsel; 1217 St. Paul St. prepares to house Agora employees (currently home to Stansberry & Associates Investment Research); Mike Palmer is hired as an intern.

1996 – Porter Stansberry is hired as an assistant researcher; 105 West Monument St. clubhouse is established (home to Oxford Club and Wall Street Daily); Oxford Club grows to 36,000 members in 100 countries and starts clubs in Germany and the UK.

1997 – Bill Bonner is named Target Marketing's Direct Marketer of the Year; 819 North Charles St. becomes Agora offices (home to Contrarian Profits, the training department, and OmniVista Health); Dan Denning is hired as an editor for Strategic Investment; 702 Cathedral St. added to Agora offices (now home to NewMarket Health and IT); Publications Agora France is launched in Paris.

1998 – International Living moves to Ireland.

1999 – The Sovereign Society and The Daily Reckoning are launched; Bob Compton begins in accounting; Porter launches Pirate Investor with *There's a New Railroad Across America* sales letter; Steve Sjuggerud is appointed investment director of Oxford Club.

2000 – Early to Rise is launched; 100 West Monument St. becomes an office (home to Sovereign Society's Baltimore contingent); Brian York joins Oxford Club as a member services representative; International Living and Oxford Club open a clubhouse in Nicaragua; Agora now has 200 employees in Baltimore.

2001 – Sons of Italy building renovated for 808 Saint Paul St. offices (home to Agora Financial and Laissez Faire Books); Alexander Green joins Oxford Club.

2003 – Pirate Investor becomes Stansberry & Associates Investment Research; Agora works with MoneyWeek, a UK financial magazine.

2004 – Financial becomes Agora Financial; Agora now has 250 employees in Baltimore.

2005 – Australia launches; Agora now has 300 employees in Baltimore.

2006 – 16 West Madison St. houses Agora offices; Port Phillip Publishing is launched; Agora now has 400 employees in Baltimore.

2007 – Robert Williams joins Oxford Club; Agora begins working with Equitymaster in India.

2008 – Mike Ward launches MoneyMorning and spins Money Map Press out of Oxford Club; Agora now has 450 employees in Baltimore.

2009 – Bonner Family Offices is launched; Oxford Club establishes a Library at Château de Courtomer in Normandy, France; Portner Press gets underway.

2010 – The *End of America* video promotion from Porter Stansberry and Mike Palmer becomes a legendary copywriting success; Agora now has 500 employees in Baltimore.

2010 – 1119 St. Paul St. begins housing Agora publishing services; The Institute for Natural Healing is launched.

2011 – Common Sense Publishing is launched; 16 West Madison St. becomes home to Money Map Press; Jay Livingston joins Investment U as publisher; Robert Williams becomes publisher of the new White Cap Research Group; Inversor Global begins working with Agora in Argentina.

2012 – Agora begins working with Rentrop & Straton in Romania; Ediciones de Salud Nutrición y Bienstar is launched in Spain.

2013 – Agora begins working with Empiricus Research in Brazil; Inversor Global is launched in Chile and Spain; Agora now has 650 employees in Baltimore.

2014 – Agora increases China presence with 3rd Stone Investment Research; Publishing Services occupies 1001 Cathedral St.

Agora has had its fair share of challenges and good times. Fortunately, we persevere and continue to build our business in a sustainable way.

—Laura Davis

AGORA IS LIKE A GROWING COUNTRY

Think of your profit center as a small city-state in a vast wilderness. The wilderness is rich in potential but uncultivated.

The president of your little city-state has a choice: He can send all his best people out to the wilderness to claim new territories and, thus, secure the land with the most potential. Or he can focus all his best talent on the land he now occupies and make it stronger and more prosperous. What should he do?

If he has all his best people, mules, and guns out there, he may not have what he needs to protect home base if it comes under attack. But if he keeps all his people within the walls of his city-state, he forfeits the chance to make it grow.

That's the basic dilemma of all businesses.

In the free markets of the world, your profit center's potential is limitless. But its resources are not. If the business is stretched too thin by trying to grab hold of too much too soon, it will almost certainly start to fall apart. If it stays tight and small, its chances of survival will be much higher, but its potential will be limited.

Your managers deal with manifestations of this dilemma every day. If you understand their dilemma—the risk and reward of growth—you will become a stronger employee and dramatically increase your chances for success.

So what is the answer? How much stasis and how much growth?

The best course of action—in my view—is one that feels slightly uncomfortable. You push the business to the point where your current resources are strained, but not so far that it starts to hurt.

The analogy, here, is yoga. To become very flexible as fast as possible, you cannot stretch your muscles so hard that they hurt. It may feel like the right approach, but experience tells us it is not. The most efficient way to become flexible is to stretch your muscles to the point of tension and then breathe through it.

That's how you should think of your profit center. If it is organized to the point where every employee's days are running smoothly, you are probably in stasis. Nothing's happening. The business is standing still. If everyone is being pushed to the point of anger and frustration, you are probably growing too fast.

Ideally, everyone should have a sense of bearable discomfort—a feeling of tension, but not so much that they can't "breathe through it." This is a sign that your business is growing... but not so fast that it will self-destruct.

—Mark Morgan Ford

AGORA'S WORLDWIDE AFFILIATES

Agora is unique in its global scope. You probably know that we work with many international affiliates. But you may **not understand** the full extent of our relationships around the world. Interacting with those businesses offers you a tremendous opportunity to develop professionally and personally in ways you may not have considered.

Agora **has** colleagues on every continent but Antarctica. So if you're interested in working in North, Central, or South America... Europe or Africa... even Australia or Asia... there's almost sure to be an Agora-related business that could interest you.

The exact numbers change frequently. But in the United States, we currently have more than a dozen publishing franchises spread out across 10 buildings in Baltimore and in Delray Beach, Florida.

Today, they include...

- Agora Financial
- Common Sense Publishing
- Contrarian Profits
- Laissez Faire Books
- Money Map Press
- NewMarket Health
- OmniVista Health
- Opportunity Travel
- The Institute for Natural Healing
- The Oxford Club
- The Sovereign Society
- Stansberry & Associates Investment Research
- Wall Street Daily

Most of our centralized services are also based in the U.S. These include legal, publishing services, accounting, information technology, human resources, maintenance, communications, travel, list brokering, as well as parts of customer service, operations, telesales, recording studios, and more.

The U.S. groups are probably the ones you're most familiar with. So let me tell you more about our international outposts...

In 1979, Agora's international story begins with International Living

While it was not until 1998 that International Living moved to Waterford, Ireland, it was always international in spirit. International Living shows readers how to travel, invest in global stocks and real estate, open foreign bank accounts, and get paid to live or retire in exotic locales. IL publishes a monthly print magazine, maintains an expansive website, offers a wide array of how-to resources, and produces many conferences and events.

By 1994-95, Agora had made its first friends across the pond

In 1994, Agora connected with Pickering & Chatto in London. P&C publishes for the international academic community. Focusing on the humanities and social sciences, it produces major, multi-volume works, as well as monographs on literature, history, and economics.

In 1995, Agora started to work with Fleet Street Publications, also located in London. FSP offers tips, insights, and fast-paced trading alerts that appeal to a variety of investors at many levels of risk, knowledge, time, and budget.

At the same time, VNR Verlag für die Deutsche Wirtschaft AG in Bonn, Germany, launched its own version of Agora's Taipan franchise. The VNR franchises that work with Agora include FID Verlag GmbH and Investor Verlag. They publish about a dozen newsletters on topics ranging from health to investments to education.

Agora goes to Paris

In 1997, Agora began its relationship with Publications Agora France, based in Paris. PAF publishes newsletters and magazines in the financial investment field. It also offers stock alert services, and special reports on specific investments.

Agora connected with another company in Paris, too: Les Belles Lettres. Les Belles Lettres has been translating ancient Greek and Latin works into French for nearly 100 years, and has produced more than 800 volumes. Its English-language offshoot, Classical Wisdom Weekly, provides commentaries on ancient Greek and Latin literature through email publications.

In a southerly direction, two new continents

Fleet Street Publications South Africa launched in Johannesburg in 1999 when Agora and Fleet Street Publications UK decided it was time to explore possibilities in South Africa. The group now reaches over 260,000 readers with a variety of investment, lifestyle, and business-to-business publications and services.

Closer to home, Agora became better acquainted with Central America in 2000 when the Oxford Club built a clubhouse at the Rancho Santana property near Rivas on the Pacific coast of Nicaragua. Since then, Rancho Santana has grown into a world-class resort and residential community. It includes 2,700 acres of rolling hills, two miles of shoreline, and five beaches.

Returning to the United Kingdom

In 1999, Agora entered the international health field with London-based Agora Health Limited. Agora Health's respected panel of experts—-independent researchers, forward-thinking doctors, leading biochemists, and professors—reports to subscribers on advances in alternative medicine.

Agora Lifestyles—another London-based business—soon began providing subscribers with online advice on profitable trading and forex systems, consistent betting systems, and practical business opportunities.

And in 2002, Agora Business Publications (in Skipton, north of London) began delivering expert, practical advice for individuals and business managers in areas ranging from IT to health and safety. ABP currently has five publications and four eletters.

Moving on to Spain, Australia, India, and Normandy

Also in 2002, Agora traveled to Madrid to work with Asesoriza, a group within Global Publishers España, SL. Asesoriza publishes information to help executives better manage their businesses. This includes advice on labor laws, data protection, and strategic direction.

Agora then connected with MoneyWeek, located across the river from the City of London. MoneyWeek is the UK's bestselling financial magazine, with about 50,000 subscribers. It combines intelligent and entertaining analysis of the week's financial news with practical investment advice.

In 2005, Agora teamed up with VNR to begin selling products in Melbourne, Australia.

On the financial side, Port Phillip Publishing got underway in 2006 as an independent financial publisher providing contrarian investment ideas.

In 2007, Agora discovered India's leading independent equity researcher, Equitymaster, in Mumbai. Trusted by over a million members all over the world, Equitymaster provides well-researched and unbiased opinions on the Indian stock markets.

And not long thereafter, in 2009, Portner Press formed. PP is a business-to-business publisher in Australia with core products in labor law, workplace safety, and corporate taxation. It transforms complex legal, financial, and administrative jargon into clear, readable language that managers can understand and apply.

During this same timeframe, Chateau de Courtomer began renovations. This exquisite 18th-century country house, west of Paris in the Normandy region, is where Agora holds certain special events. The chateau has had an Oxford Club library since 2009. Over time, 15 bedrooms, three conference rooms, a business center, and wifi has been added.

Agora's most recent era of expansion

Beginning in 2010 in Neuilly-sur-Seine, France, and later also in Fribourg, Switzerland, Agora got to know Santé Nature Innovation. Santé provides ideas for natural health solutions to readers who suffer from chronic pain or diseases.

Inversor Global, a friend of Agora's since 2011, publishes specialized personal investment advice in Buenos Aires, Argentina... Santiago, Chile... and Madrid, Spain. *Inversor Global* magazine was established earlier, in 2002. Today, it is the leading magazine on personal investments in Argentina, and continues expanding into other Spanish-speaking countries.

Ediciones de Salud, Nutrición y Bienestar, SL, another Spanish-language friend of Agora's, began operations in 2013. Its main publication, *Los Dossiers de Salud, Nutrición y Bienestar*, provides information on natural medical treatments that have been validated by scientific research.

In São Paulo, Brazil, Agora connected with the like-minded Empiricus Research in 2013. Empiricus gives its subscribers stock recommendations supported by sound financial and economic study and delivered in simple, straightforward language. With several daily eletters and more than 10 subscription services, Empiricus publishes market insights that venture well beyond the mainstream press.

Most recently, in 2014, Agora has aligned with 3rd Stone Investment Research in Beijing, China. 3rd Stone collaborates with editors and analysts in China and around the world to help educate subscribers on how to achieve financial success through a wide range of investing strategies and ideas.

—Rocky Vega

THE 3 ESSENTIAL FUNCTIONS OF EVERY AGORA BUSINESS

What I am about to tell you is the most important thing you will ever hear about working in a business. Any business.

Ready?

You must be able to do three things:

1. Develop a product that people want to buy.
2. Figure out how to sell it at a profit.
3. Push yourself and everyone on your team to get the first two things done at a reasonable cost.

To make that happen, you must have three distinct personalities on your team:

- A thinker
- A marketer
- A pusher

The thinker's primary job is to come up with new ideas. He must understand the psychology of the market. He must know who your typical customer is, what he likes to buy and why.

The marketer's primary job is to understand the mechanics of sales and marketing. He must know all the details—and pay attention to them.

The pusher's primary job is to be pushy. He must be goal-oriented and willing to take on the responsibility of making the thinker and marketer do their jobs.

At Agora, a perfectly balanced group should have all three: an idea man, a marketer, and a pusher. Each should be a master of his skill.

The idea man should know the product completely, understand how and why the market uses it, and be able to make adjustments to it so that it will always be attractive to buyers. The marketer should know how to sell the product at the right price, the right cost, and in sufficient quantities to keep the gross profit where it needs to be. The pusher should be relentless in moving the business forward and encouraging everyone to do a good job.

It is possible for an imperfectly balanced business to succeed. But a business reaches its maximum potential only when it has all three of these functions mastered.

Think about your group. Who is responsible for each of these three critical functions? Is that person masterful enough to do the job? If less than masterful, is he on his way to mastery?

And what about you? If you are in charge of a group, assess the strengths and weaknesses of your people according to these models. If you are an employee, think about which one of these functions appeals to you—and then make sure you are on track to become a master of it.

—*Mark Morgan Ford*

AGORA AND THE MOBILITY REVOLUTION

In the old days—going way back to 1999—when Agora was primarily focused on name acquisition through direct mail, we pretty much knew where our customers were when they received our marketing material. The habits people formed when opening mail was pretty consistent.

When Agora transitioned to marketing online, the customer's consistency was even greater. Our customers had one or maybe two computers that they worked from. This meant they sat in the same spot and had relatively the same focus (and same distractions) on a day-to-day basis.

But customers are no longer following the same consistent patterns when they receive our material.

The New Challenge

People could be viewing our materials on their phone while in line at the grocery store... on their tablet while sitting on the couch with the TV on, or on their computer. We have no idea where they will be or what device they will be using—phone, tablet, or computer.

It's been relatively easy to shrug this off by telling ourselves that:

1. Our customers aren't technologically sophisticated enough to be doing this.
2. Our subscribers aren't using their mobile devices to look at our content.

That is old thinking. Both of these statements are INCORRECT.

We know that, on average, 32% of our electronic communications are opened on a mobile device. This doesn't mean that only 32% of our customers are using mobile devices. The number is actually much higher. As we know from our own experience, people will use different devices depending on where they are or depending on the time of the day.

When we look a little closer, we see that smartphones typically represent 55% of this activity and tablets represent the other 45%.

I am stating these numbers based on all of Agora. Of course, it varies by affiliate. For example, International Living has 49% mobile adoption, Agora Financial sees 27% open via mobile devices, while NewMarket Health is only at 20%.

The common thread for all of these affiliates is that these numbers have grown significantly in just the past year. The worrisome part is that customers are not placing orders for our newsletters with their mobile devices.

There are several reasons for this:

- We haven't made it simple enough to place an order. (Look at one of your order forms and see if it is something you would start to complete.)
- Customers can't get through the promotional material to place an order. We know that people typically don't read a 20-page promotion or watch a 45-minute video on their phones. Yet we are still presenting information to them this way, hoping they will change.
- People are willing to buy things on their mobile devices—but the items they buy are usually from companies that have made the sales process ultra-simple... like iTunes. Or they purchase items that they have been searching for, not items that are being sold to them. Newsletters are sold, not purchased.

The Fix

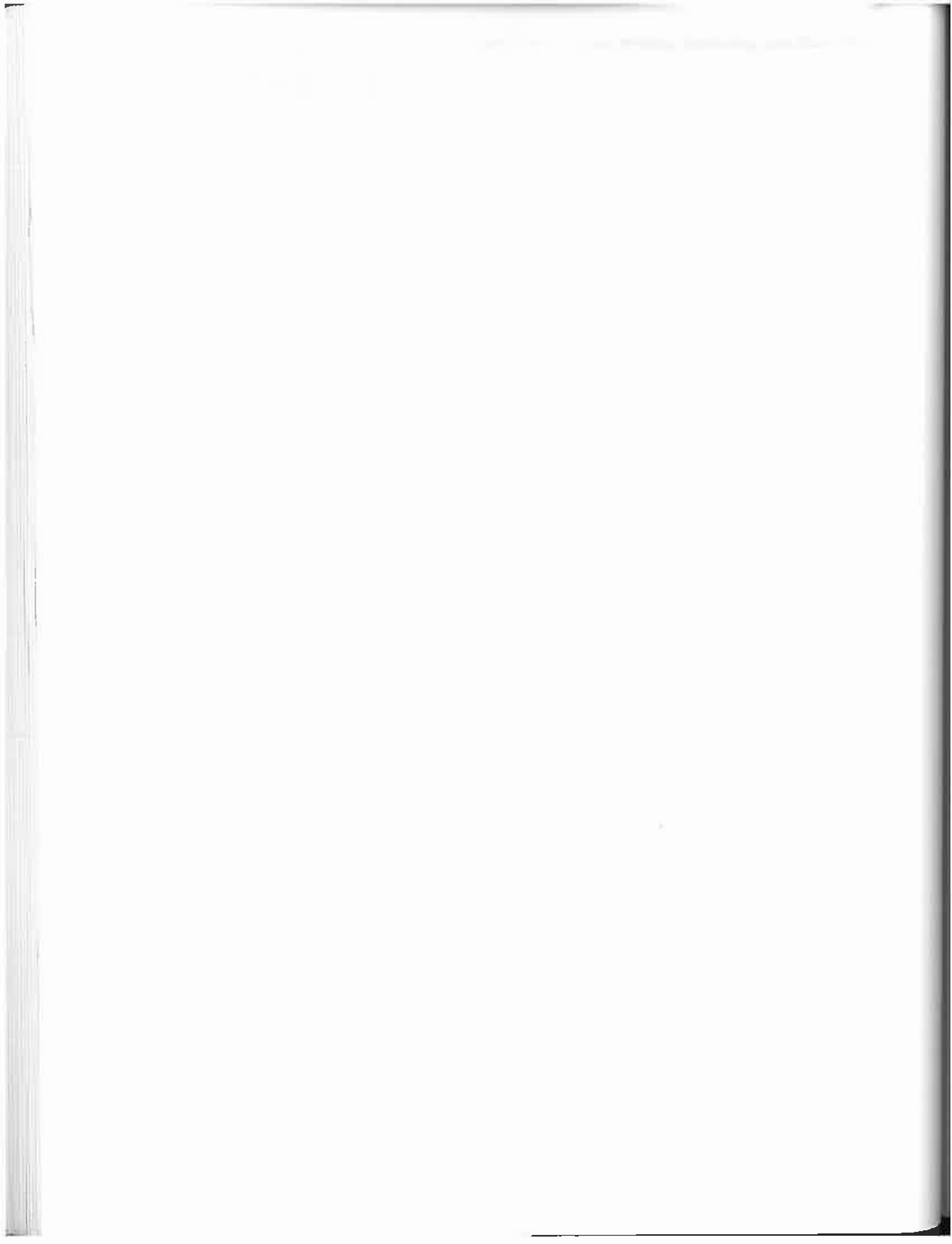
There isn't a single solution that will resolve the challenge we are facing. Here are some of the tactics that are currently being tested:

1. **One-click ordering.** We are now placing cookies within customer accounts and presenting enough information so all they need to do to place an order is confirm their information and enter a credit card number.
2. **Not presenting promotional material to a mobile device.** Knowing customers are not going to take action on promotional material when received via mobiles, we are asking customers if they would like us to follow up with an email they can open on their desktop. Additionally, our programmers are making a mobile-optimized order form available.
3. **Changing the offer.** Instead of requiring readers to input their name and credit card information, we are asking if they would like to receive an invoice. Current customers only need to confirm that this is what they want. New customers have to enter their email address. This is different than a "bill me" offer, where the person typically receives three issues and promises to pay at some point in the future. Here we are presenting an invoice. Once the invoice is paid, the subscription becomes active. There are variations on this idea, but the basic premise is that we are simplifying the order process and allowing customers to pay for products when they are at a computer.
4. **Creating an app for customers to use.** This allows us to be where the customer wants us to be. Once they download the application, they have a simple and easy way to find our material.
5. **Making it easier for external customers to pay.** Among other steps, we will bring new payment options on board as they arise in the future.

—Myles Norin

CHAPTER IV

HOW AGORA WORKS



— Snapshot in Time —

Wednesday, June 9, 1999

Why We Need to Fail "Wisely and Well"

We are all familiar with the principle of accelerated failure. The idea is simple. In direct mail—as in most of the business world—you can never know what will work. So finding anything that will work is a process of elimination—which you want to do as quickly and efficiently as possible.

My wife used to ask why I worked long hours. I explained that business was a competitive undertaking and that you had to work harder than your competitors in order to succeed. "Or work smarter," she replied.

But I was ready for her. The trouble with relying on being smart is twofold. First, your competitors are at least as smart as you are. And second, it is not intelligence that prevails, but efficient trial and error. Theoretically, if you were smart enough, you could sit in your office and think your way towards a profitable business. But it doesn't work that way.

Business innovation and success is more like the random mutations of nature than a process of rational induction. You cannot know what will work and what won't. You cannot know what situations will arise. All you can do is work as hard as you can... failing as quickly and cheaply as possible... until you hit upon mutations, combinations, and permutations that actually work.

So... how do we apply that principle to doing business on the Internet?

On Saturday night, I went to a reception for the Newsletter Publishers Association at the home of a friend. The party was fun... and it reminded me of a couple of things: First, it is important to get out and meet people in our industry. You learn things.

The host is a publisher with some interesting comments and perspectives. And as a result of this meeting, Mark and I are getting together with him next month to see how we can cooperate.

Also, our German partners were there... from whom I learned some additional information... which came up by chance, informally, even though we had just concluded several serious business meetings.

Plus, I ran into the folks who run a company in Canada. They have just put up a website (about which, more below).

The lesson: Get out and talk to people about the business we are in. There are a lot of people who know a lot more than we do about particular subjects. We should learn from them.

Second, the Canadians spent about \$100,000 putting up that website. It is a closed site. They haven't really made any effort to let non-subscribers know about it. They aren't trying to be an Internet company. They were just trying to let their Web-savvy subs get at their material on the Web.

So they offered it as an addition to the paper. The subs still get the paper version. But if they want to also get the Internet version—which has very little in the way of extra benefits or material—they have to pay an additional fee.

Result: about \$700,000 in additional revenue.

I may have the details wrong. But it is obvious to me that the Internet offers us a way to provide more and better services to our customers... and that people will pay for it. And we should go after that revenue in the same way that we do the rest of our business: boldly. We should, in other words, be failing on the Internet. If we are not... we're not really trying. As Wayne Gretsky says... you miss every shot you don't take.

Switching metaphors, Agora has not rushed to get onto the Internet. I've heard people say that we were losing the battle of the Internet. Or that we were way behind our competitors. I don't believe it. What I have seen on the Internet is technically clever, but otherwise weak. I think we can do better. When asked to surrender, John Paul Jones gave his famous reply: "I have not yet begun to fight." Agora is now beginning to fight.

Always remember—fail wisely and well! Failing is relatively cheap on the Internet. If there ever was a medium that lends itself to accelerated failure, it is this. Let's take advantage of it.

—Bill Bonner

WHY OUR FRANCHISE SYSTEM MAKES US DIFFERENT

Agora is a company of ideas.

We count on good ideas to grow, to make profits, to keep our conversion rates high, to sell our VIP services, and more. We rely on small but valuable employee ideas to develop every aspect of our operations, finances, marketing, fulfillment, and customer service.

That much can be said of any company that wants to grow and improve. But for Agora, ideas are also the products that we sell. When a reader responds to one of our promotions, to Taipan, for example, he is responding to a set of ideas contained in that promotion. He is not responding merely to the promise of profit.

All of our publications have a common appreciation for independent thinking and experience-based judgment. But each publication is also unique. Each newsletter, trading service, or seminar program has a unique view about how money is made, how sickness is cured, how retirement is enjoyed, etc.

Unlike most companies—even most publishing companies—we have organized our business around these views. The Taipan division, for example, represents a group of thinkers who believe in a certain “opportunistic” approach to making money in the markets. They are bold and optimistic, eager to find the advantage of any economic situation that comes about.

The Oxford Club is itself an idea: the idea that individual investors will make more money if they work together and share information than they would by investing individually. The Oxford Club believes in certain traditions, certain ideas about how to lead a well-lived life, and these are important to members.

The Stansberry writers tend to take a big picture, deductive approach to investing. But, like the Taipan group, they are opportunistic and optimistic.

Our Health division publishes a number of individual health publications, each of which represents its own unique view. Some of these publications are club oriented, others guru led.

We group our publications according to their perspectives. We call them franchises. We use that term to remind us that ideas have enormous power—and if we arrange like ideas together, we will achieve a market position with the power and the vigor of a conventional franchise.

McDonald's, Burger King, and Wendy's all sell hamburgers. But each is a different franchise. Any store within the franchise will offer you pretty much the same thing—which is exactly what you expect. But the fries at Burger King are different from the fries at McDonald's, and you won't find a Whopper at Wendy's.

By organizing our ideas into franchises, we hope to achieve the power of franchise marketing. Our customers will recognize, even if they don't do it consciously, the personality of a Taipan publication, an Oxford Club service, a NorthStar Nutritionals supplement.

If they "get" and like the franchise, then they will "get" and like the other products and services represented in that franchise. And when they make a change and go for another set of ideas—we'll have a franchise (with plenty of products) there to service them.

That's how the franchise system works. Diverse products and services (newsletters, email services, nutritional supplements, tours, conferences, audio and video programs, books, reports, etc.) on similar themes.

What division do you work for? Does it have a single franchise or group of them? If a single franchise, do you know what it is? (You should learn it!) If a group of franchises, do you understand how they differ from one another? Is there a plan in place to break them out into competing divisions... or will they be kept separate?

These are good questions to ask and answer. It will help you understand our business better and allow you to learn and contribute more.

—*Mark Morgan Ford*

FREE IDEAS VS. PAID IDEAS

There is a big difference between what people will pay for... and what they will click on to read in a free article link.

Just **because** we get a ton of hits on “5 airlines not to fly” or “5 big dividend stocks” does not mean we can use these **ideas** directly to sell our newsletters.

Don't get me wrong... Ideas like these are great to judge the mood of the market and can, as Brian Hunt says, be worked into our copy.

But **there's** a perceived value scale in our business... At the bottom of the scale is a free idea, something people find interesting enough to click on. At the top of the scale are our back-end products, for which people must commit \$1,000 or more.

As you **move up** the scale, the ideas have to carry more perceived value because you are asking the reader to give more in exchange.

- a free article to read (“I risk nothing but my time to read it.”)
- a pay-per-click idea (“All I risk is giving you my email address.”)
- a soft offer (“I'll try it for free... and pay later only if I like it.”)
- a hard offer with a low price (“I pay only \$39.”)
- a back-end offer (“I pay \$1,000 or more.”)

“5 airlines not to fly” is a great free idea. I bet it could also be a pay-per-click (PPC) idea... and I've seen Boardroom (one of the biggest direct marketers in the country) do this type of thing hundreds of times in soft offers.

But I doubt you could use this idea to sell a front-end or back-end newsletter.

Some ideas are great for a daily eletter... others are good for PPC... others are good for the front end... and others for the back end. You have to figure out where your ideas fall on this scale.

—Mike Palmer

THE MYTH OF EXCELLENCE

Many years ago, JSN (my at-the-time boss and later-on partner) gave me an insight into marketing that eventually changed my basic thinking. He made it easier for me to understand buyers and allowed me to contribute to the success we enjoyed in the years that followed.

We were discussing a promotion for a newsletter. At issue was the cost of paper stock and printing. Should we spend more to make the piece look better, or save money and have a bigger (at least bigger immediately) bottom line? I was arguing that we should go for quality—that, in the long run, it would pay off. He disagreed. He said that the audience we were serving, penny stock investors, didn't appreciate good paper and nice typefaces. "In fact," he said, "they might actually respond better to the promotion if it looks kind of cheesy."

I was stunned. He was telling me that we should purposely make our advertising look cheap. Meanwhile, I had been operating on the assumption that it was always better to aim for excellence.

He explained that we were selling a newsletter to penny stock investors, not to people interested in buying blue chips. And our sales copy, he pointed out, emphasized the low cost of a subscription. "If you position yourself as cheap," he said, "you've got to look a little cheap. Contrarily, if you position yourself as quality, don't cheapen your image by hyper-discounting."

"You've got to make a decision about what business you are in," he said. "Are you fish or fowl? You can't be both."

Then I remembered something that proved his point...

Some years earlier, I walked into a travel agency. I wanted to take my wife on a vacation, but I feared that I wouldn't be able to afford anything the least bit interesting. I took a half-hearted look at a rack full of brochures, and my eye was caught by a cheap-looking flyer that was selling Canary Island vacations for \$289, everything included. I asked about it, and it was legit. So I booked it and we went. Turned out to be a great trip.

There were dozens of fancy brochures on that rack, but only one tacky flyer. If it hadn't looked so cheap, I never would have picked it up.

Here's the thing...

You can't be high-end and low-end at the same time. When designing your marketing materials, you have to consider the message you want to send to your prospective customers. When people want to buy cheap, they look for cheap-looking advertising. When they want to buy quality, they look for quality.

If you are a quality-oriented business, spend 80% of your resources on quality. If price is your mainstay, focus the lion's share of your attention on that.

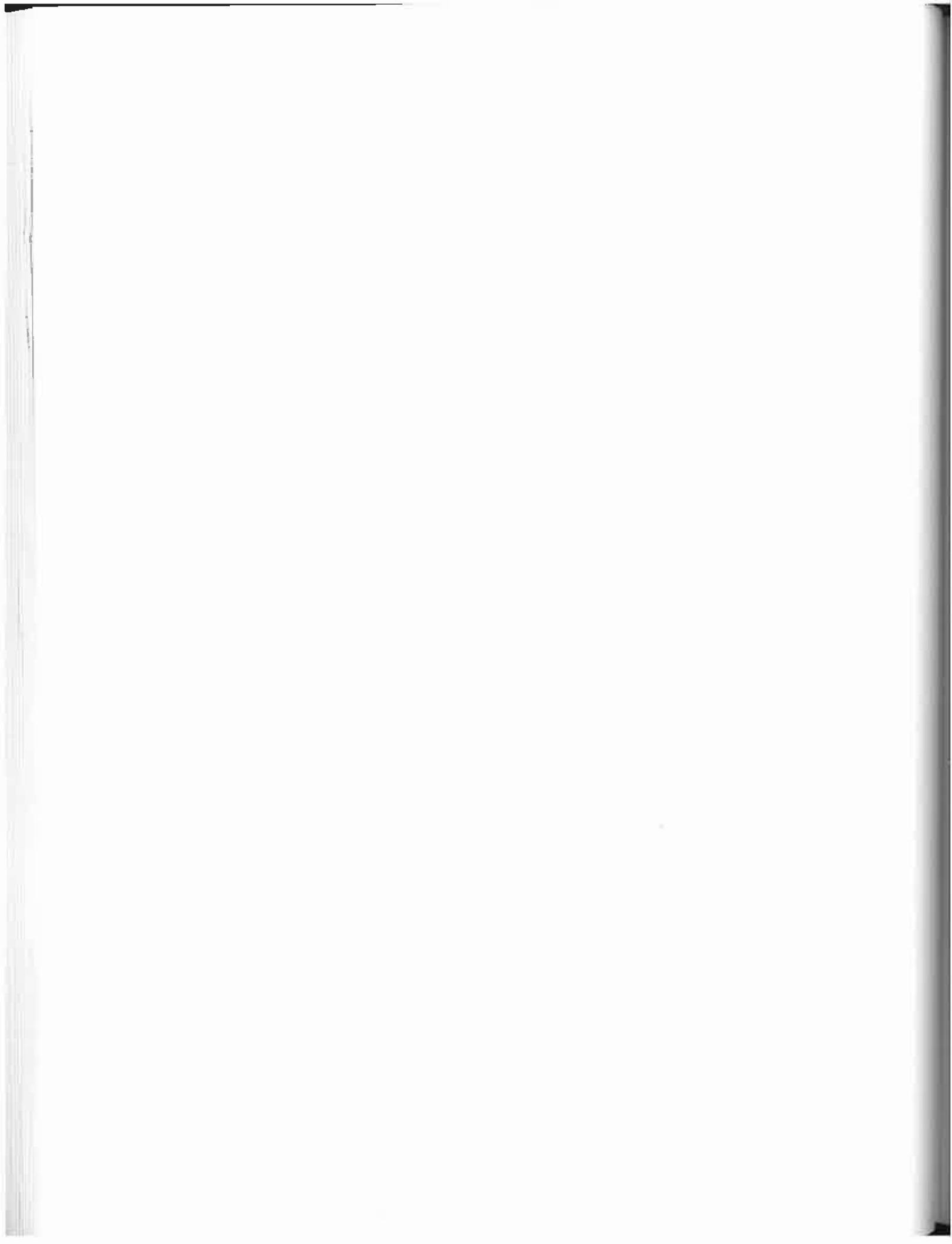
Fish or fowl. Figure it out. Then act accordingly.

—*Mark Morgan Ford*



CHAPTER V

MAXIMIZING YOUR POTENTIAL



USE YOUR STRENGTHS AND WEAKNESSES TO MODIFY YOUR JOB

All businesspeople have skills. Some are good at selling. Others are good at managing systems. When we develop these skills over time, they feel natural to us. And because they feel natural, we use these skills reflexively whenever we confront problems, challenges, or opportunities.

By using them, we become better at them. And when it becomes known that we are good at them, people come to us for help with the kind of problems we appear to have a natural genius for solving.

But is it natural? Or is it the product of practice, stimulated by intermittent positive reinforcement? Does having a special gift or expertise in one area mean that we can't develop other skills? Some experts think so. And there are plenty of popular business books that support this notion by providing readers with self-administered quizzes that claim to be able to pinpoint their natural talents. I found one such test in a book called *If You're Clueless About Starting Your Own Business* by Seth Godin.

"The first thing you need to do is assess your own strengths and weaknesses," Godin says. "Explore your motivations and discover whether or not you have what it takes to make it all happen."

The book includes a 25-question test that can determine, Godin asserts, whether you have what it takes to be an entrepreneur. A successful entrepreneur, he says, is someone who possesses certain specific traits and is willing to "expend a huge amount of energy to accomplish goals."

The test is based on a set of commonly held beliefs about the natural skills and inclinations of entrepreneurs, such as these:

Natural Inclinations

- They are attracted by challenges.
- They enjoy being in leadership roles.
- They are passionate about their ideas.

Natural Skills

- They are good analytical thinkers.
- They are good at sales.
- They are good at taking the initiative.

These are all desirable inclinations and skills to have. But what if you don't have many of them? Can you still succeed in business?

I took the test and got 79 out of 100. Based on my score, here's Godin's advice to me:

Risky business. You possess some entrepreneurial traits but probably not to the degree necessary to buck the daunting odds.

Keep working for someone else.

Although his book has a lot of correct and useful advice, I'm glad I didn't read it at the beginning of my business career.

Actually, Godin's test is not a bad indicator. For the most part, I think it makes sense. The truth is, I am probably not a natural entrepreneur. And yet I've been instrumental in launching dozens of multimillion-dollar businesses. I've done so by paying attention to my mentors and imitating some of their tricks.

My experiences prove you don't need a preponderance of natural skills to grow a successful business. What you need is a little knowledge and a handful of tricks.

The most important thing you need to do is this: Master a financially valued skill.

A financially valued skill is one that other people are willing to pay you good money for. In most cases, that means a skill that is directly involved in producing profits for the company. Profit generators include marketers, salespeople, copywriters, people who create new products, and the people who manage these employees.

I'm not saying you should abandon your career path if you're a skilled computer analyst, engineer, or accountant. No matter what you're doing right now, you can make more money for the company.

- First, figure out how your business creates profits.
- Then, figure out how your job contributes to that process.
- Next, modify your job so that more profits are produced by what you do.

But what if you're not happy doing the job you were trained—and hired—to do? At Agora, that's never going to be a problem. You will be encouraged to tailor your job to suit your personal goals... even make a move to another group or franchise.

This may require you to develop new skills. If so, I'm going to suggest that you consider developing a skill that directly contributes to the company's bottom line.

If you have not been trained to be a salesperson, marketer, product creator, or copywriter, you can start to make the transition over to the money side of our business while doing your official job.

Here's how to do it: Identify three people who are doing work that contributes directly to the company's bottom line. Then ask yourself which of those jobs you would most like to do.

Initially, it may seem like a stretch. But it's entirely possible that you could do that job.

Learn something about it. Find out what it takes in terms of hours and days. Ask about the daily routine, the

common problems, the biggest challenges and the best rewards. Ask. Observe. Read.

Keep it up, day after day, until you start to feel as if you understand the job. When you feel ready, talk to your boss about your plans. Then approach key people who are doing the work you're interested in. Tell them (honestly) that you think it is something you'd be good at.

Say you've been learning about it in your free time and you'd like to volunteer to help them out whenever you can so you can learn even more. People will be impressed by your willingness to dive in and give them a hand. If your intentions are sincere and your follow-up is diligent, you'll soon enjoy a reputation for being an up-and-comer. And before you know it, you'll be offered the opportunity to do your ideal job.

—Mark Morgan Ford

A RICH MAN'S GREATEST SECRET: GO TO BAT FOR SOMEONE

He's rich, powerful, respected, and proud of the fact that he has the same best friends since he was an early teenager.

Nothing was handed to him. He earned it all.

If you ask him, as I did, he'll tell you his achievements all come down to the consistent application of his "greatest secret to success."

Think of it as a formula for gaining power and just about anything else you want in life. This formula can work for you. I'm sure of it. It can turn you into a powerful, wealthy businessperson if that's what you want. It can get you elected, if that is your goal. It can even help you find the love of your life.

However, here's the catch...

You'll probably reject it as too simplistic.

Most people do. You'll see it as risky. You'll have to start giving a lot more of yourself and, odds are, you won't want to do it. You'll think it's unfair so you won't really try.

Nevertheless—if you can get over yourself, apply and evolve the formula over time, you can have just about anything you want.

Here's how it works.

Early in life, you probably discovered that there are only two ways to get what you want.

1) You can try to find a way to take what you want.

Or...

2) You can find a way for the things you want to be given to you.

Of course, "taking" can often be unethical, so that's not a long-term formula for success. Which leaves us with convincing people and the world to give us things. How do we do that?

It sounds a bit harsh when put this way, but it's true: Much of life is transactional.

We must give to get.

If I want something from the world, I know I have to earn it. Whether it is love or a job or even a pleasant greeting from someone, you can have it all if you're willing to give in advance.

As my rich and successful friend put it, "If you want people to do nice things for you and be a part of your life, you must always keep the 'friendship bank' in the black."

"Giving to Get" is the first step in developing a value creation disposition. Value creation is the secret to getting everything you ever wanted.

You will make great progress in all areas of life simply by developing the habit of asking yourself, "How can I add value to this person/situation?"

It won't come naturally. It will require focus and training as you learn to set aside your desires so that you're more objectively able to help others.

A Giving to Get approach can take you far in life. Most of the successful folks I know have mastered at least this step.

Giving to Get, or giving first and hoping for benefits later, is the root of all successful relationships. Give love if you want to receive love. Give a kind word first if you're hoping for one in return. Give trust if you hope to be trusted. Give your full faith and effort toward a common cause if you want the same.

Giving to Get vs. Going to Bat

Giving works all the time, but most people feel it's risky so they hold back. That's precisely why the Give to Get crowd finds much greater success than average. Being willing to take on the little bit of risk and give in advance moves Give to Getters up the ladder quickly.

Giving to Get is effective and is why, unfortunately, most folks stop here, at step one, thinking they've reached the top. This tactic produces results, but only in relatively tiny ways and in limited circles.

The truth is, Giving to Get is superficial. It's a start, but it's the two dimensional version of value creation... productive in the short term and simply unwise in the long game. (Trust me, the "long game" is the game you want to be playing.)

So, what's better than Giving to Get?

Try this for a change. Try Going to Bat for someone.

Look to a friend or colleague who's been struggling to beat back some demon or overcome an overwhelming obstacle. Steel yourself and say to them, "Don't worry. I've got this one."

I'm suggesting you do this without regard for any gain on your part. I'm telling you to throw down for them. To go to the ends of the earth for them. To back them up in their time of need.

Make their plight your own. Not to be swept up in the drama of it, but to sweep it aside for them as a demonstration of your power and love.

In the words of my rich friend, "It is truly amazing how learning to be generous, at all times, can change your life. As you know, it's not an effort to 'buy' people—that doesn't work. It's just an effort to let people know that you're not ever going to 'take' from them. And that their being with you—whether it's dinner out on the town or working in your company—is always going to be over-the-top."

Try going beyond the Give to Get step and see what happens.

—Craig Ballantyne

Deciding to Turn Myself Into a Financially Valuable Employee

My early career as an employee was spotty. It wasn't until I had a family to support that I made the transformation from a functionally bipolar employee to a dependable (and noticeably better) one. The change happened the day after our first child was born. I realized that even with my wife's salary (\$12,000) and mine (\$13,000) combined, we weren't going to be able to raise children in any sort of comfort.

I was working at a small publishing company at the time. My yearly review was coming up, and I knew that to get the increase I was hoping for (\$2,000), I would have to do two things. First, I would have to get my immediate supervisor, Jeremy, to support me. Next, I would have to get the company president, Jeremy's boss Max, to notice me.

It wasn't hard to win Jeremy over. I began by working longer hours and doing everything he asked immediately and well. He remarked on the improvement in my productivity almost immediately. Within a month, he was favoring me over the other employees, ever so slightly, when it came time to delegate responsibilities.

But Max wasn't going to be so easy. Max directed the company almost exclusively through Jeremy. Although he was open and friendly with everyone on the staff, he avoided any one-on-one business discussions with anyone else.

Knowing that Max was concerned about expenses, I spent a week looking into ways we could reduce them. Although we were a small organization, we spent a good deal on typesetting and printing. By calling around town to typeset shops and printers, I was able to come up with a plan to reduce our yearly costs by about \$48,000.

I presented my plan to Jeremy by way of an interoffice memo, copied to Max. Even though he had nothing to do with my cost-cutting idea, I was careful to give Jeremy partial credit for it. ("Our recent conversations," I wrote, "made me realize how important it was to look for cost savings.") To get Max's attention, I wasn't going to risk losing Jeremy's approval.

It was the right thing to do. Max boosted my income to \$16,000 several weeks later (a raise that was about five times the company average).

It was a start. But it wasn't as much as I needed to pay for my family's growing expenses. So I redoubled my efforts to make myself a more valuable employee by learning everything I could about the publishing business from Jeremy.

In Jeremy's view, the road to success was paved with consistently better editorial. So to become more valuable to him, I focused on improving the editorial quality of our subscription-based products.

As a direct result of my efforts, our renewal rates improved. This brought in more revenues and higher profits.

By the end of the next year, I was making \$21,000—an \$8,000 (or 66%) increase.

Over a period of three years, Jeremy and I managed to increase company revenues and profits by about 50%, and our personal incomes increased accordingly.

My income went from \$13,000 to \$16,000 to \$21,000 to \$24,000. Not bad. It was a radical increase in terms of percentages. But having started out so low on the income scale, I was hardly getting rich.

However, something had happened to me during that time that was going to help me get wealthy. In trying to do everything I could to win my boss's approval, I had changed the way I acted as an employee. I was no longer satisfied with doing my work competently. I had learned what it felt like to do an excellent job, and the feeling was good. I was developing self-expectations and a work habit that was going to serve me well for the rest of my wealth-building career.

—Mark Morgan Ford

WHY YOU SHOULD PUSH YOURSELF

I've been thinking a lot lately about what it means to be part of Agora, this great company that we're all fortunate enough to have found. A company that...

- celebrates individuals and ideas and offers opportunities for everyone who works hard
- allows—actually encourages—and forgives mistakes, knowing that if you don't fail, you'll never really succeed
- allows anyone who wants it to have free personal training and nutrition counseling—and use work time to do it (not to mention, providing cash rewards for success)
- hosts First Thursdays and other similar events to give you an experience beyond the work
- allows me the freedom to take you all to Vegas if we hit our goal of doubling profits, let you sleep in for hours on your birthday, and not charge leave for a little bit of time here and there
- allows everyone an extraordinary level of freedom and flexibility—to work the hours that work best for you and to take coffee, ice cream, smoke breaks (whatever your vice, really) whenever you want and wherever you want

It's really above and beyond. I don't know of any other company anywhere with the tangible and intangible benefits of being part of Agora. I've been thinking a lot about that, and whether we're giving what's expected in return.

So, I'm challenging you to ask yourself that question.

Think about whether you're leaving at the stroke of five every day, leaving work on your desk rather than putting in the extra time... whether you're arriving just a little later than you "should" each day... if you take a few extra cigarette breaks because everyone else is going down... whether you're spending more time on Facebook or IM than on the work you're here to do... if you're making or taking a lot of personal calls (even if they're on your own cell)... whether fantasy football is about to become a part-time job that you'll be doing at the office...

And the list, I'm sure, goes on.

As you know, Agora is a place about ideas. And great ideas don't stop at exactly five o'clock. Nor are they easy to get back when you stop thinking about them to read a friend's IM or update your Facebook profile. Ours is not a business where you can just pick up where you left off and not lose anything.

Agora has never been about watching the clock or about managers watching the clock for their employees—and that's not something I'm willing to change. Personally, I've realized I've let things slip. Copy would sit on my desk days past a deadline because I had something else to run to and just set it aside. So I am recommitting

myself to doing more and doing better. If I owe you something, you will get it back on time. Period. That doesn't mean I might not leave early for a special dinner, but it means I'll stay up later reading it or come in early to make sure I get it done.

Today, I'm challenging you to ask yourself if you've been giving everything you can to the company, to the team, and to your own individual job.

If the answer is "yes," then thank you for your dedication and hard work. You embody the spirit the company was built on and we are lucky to have you here. (I realize that sounds like a throwaway in this context, but I mean it sincerely.)

If the answer is "no," take an honest look at what you could be doing differently to stay committed to your personal goals—and let us know if there's anything we can do to help.

We all have a great opportunity to make a huge difference here at Agora. I hope you'll take me up on this challenge.

—*Jenny Thompson*

HOW TO HAVE AN EXTRAORDINARY CAREER AT AGORA

If you want an extraordinary career at Agora, you have to prove yourself to be an extraordinary worker.

To do that, you have to develop these five work habits:

1. Get in early.

There is no better way to demonstrate your commitment to the company than by getting to work earlier than almost everybody else. Getting to work early sends a good message: "I'm here! I am eager to work! I'm ahead of the crowd!"

2. Understand your responsibilities.

You may have received a job description when you were hired, and it may do a pretty good job of telling you what you have to do. But until you understand how what you do affects your business's bottom line, you'll never be able to make good decisions about which projects to focus on. The best way to do that is to make an appointment with your boss and ask, "What are the top ten ways I can make our group more successful?"

Don't worry about appearing to want to curry favor. Tell your boss you realize your chances of success depend on the group's success. Say, for example, "I'm not asking for specific to-dos. Once I know your main objectives, I will be able to make good decisions on my own. That's why I'm asking. Because I want to make sure my work plan is in gear with yours."

3. Focus on what's important.

Once you know what your boss needs from you, apply Pareto's Law to your work. Pareto's Law says that 80% of the success of just about anything comes from 20% of the attention it's given. So list your boss's top ten priorities. Then identify the two that will have the greatest impact on your group's success. (Hint: They will probably have something to do with improving the business's bottom line.) Those are the priorities you will focus on.

4. Never say no.

Employees often wonder whether saying yes to every request will make them look weak or dependent. The answer: No. Your boss wants a yes to every request he makes of you. Saying no—though sometimes warranted—may sound like you are moving against him. If you have already established your work priorities,

you'll have no problem identifying requests that don't contribute to your business's (and your) success. When asked to do something of that nature, tell your boss that you will be happy to get to it at some time in the future. But at the moment, you are working on things that you believe he or she would rather see done. Then list what those things are. Chances are, the boss will modify or even drop the request. If not, you can be sure there is a good reason why.

5. Improve your skills.

Unless you keep growing—in terms of your knowledge and skills—you can't expect your income to keep rising. Ask questions about every aspect of your business that is related to what you do. Find out what you can about the other areas. Read executive memos. Take work-related courses. Have regular chats about business with the power people in the company. Implement what you learn in your work.

6. Communicate your progress.

Doing your job well is good. And getting better at it as time passes is better. But unless you let your boss and other powerful people in the company know about your progress, you can't be sure they will help you. Make it a habit to update your superiors, in writing, on the challenges you face and the objectives you've achieved. In promoting yourself professionally, follow these three rules:

- Tell the truth. False promotion is worse than none at all.
- Be generous with credit to others.
- When reporting your accomplishments, be specific... and keep your ego in check.

How hard do you have to work?

In most businesses, only a very few people get in early and stay focused on what really matters. In many companies, most employees work simply to get by. Some actually try to do as little work as they can get away with. Even employees who seem productive often waste much of their time doing noncritical work like writing long memos about issues that aren't critical to the business... or arguing points that don't much matter... or working on projects that don't really affect the company's bottom line.

Many employment experts explain that workers fall somewhere on a bell-shaped curve when it comes to diligence and follow-through. At the bottom of the curve are the loafers and goof-offs. In the middle is the silent majority that does just enough to get by. At the top are the relative few who are motivated to achieve. When you understand the dynamics of any such group, you understand that a modest amount of hard work will put you beyond both the terminally slothful and the lump-along middle crowd.

Just by being modestly ambitious, you will rise to the top third of almost any organization. But in a company like Agora, getting up the last few rungs of that ladder will be tough, because the people you are competing against are competing hard.

Chances are, they are as smart and talented as you. They may even be better than you in some ways. But there is one thing they don't have more of, and that is time. If you can use your time more effectively than they use theirs, you will move ahead of them.

How to get promoted

Extraordinary employees get extraordinary raises—but how do you speed up the process? You need to do more than just a great job. You need to do three more things.

1. Stand out from the crowd.

Make sure you have a broad range of competencies and abilities in many areas. It's great to have strengths, but if you have only one area of expertise, you run the risk of being cast in the same role again and again. You want your boss to recognize your potential to perform well at a variety of tasks.

2. Get to know people outside your group.

Turn every possible opportunity—whether it's a holiday party, your lunch break, or a meeting—into a chance to meet someone new in the company. Develop a friendly rapport and establish yourself as reliable and competent. Once you've made contact with someone new, ask him to introduce you to his coworkers or even his boss. This network of contacts can help you when you need a new challenge or want a promotion.

3. Plan for every possible outcome.

While you may not be able to anticipate every possible outcome, you should have a game plan in place for several scenarios. Think through what you would do in a given situation, how you would react if, say, a meeting went badly or if a sale fell through. Your ability to change directions when you meet an obstacle will show your boss you are adaptable.

To these recommendations, I would add the following: You should try—to whatever extent possible—to demonstrate the skills of the job you are seeking as soon as you realize you want it. There's no better way to show your capabilities than by starting to do the relevant tasks before the job opens up. First, volunteer to help the current jobholder. A job worth having is usually complex and demanding. That means the person whose job you want will probably feel—sometimes, at least—swamped. How could this person resist your pleasant proposition to do the chores he doesn't have time for?

The most important factor in getting ahead

The most important factor in getting ahead is to gain the trust of the people you work with. And you can't possibly get their confidence unless you merit it.

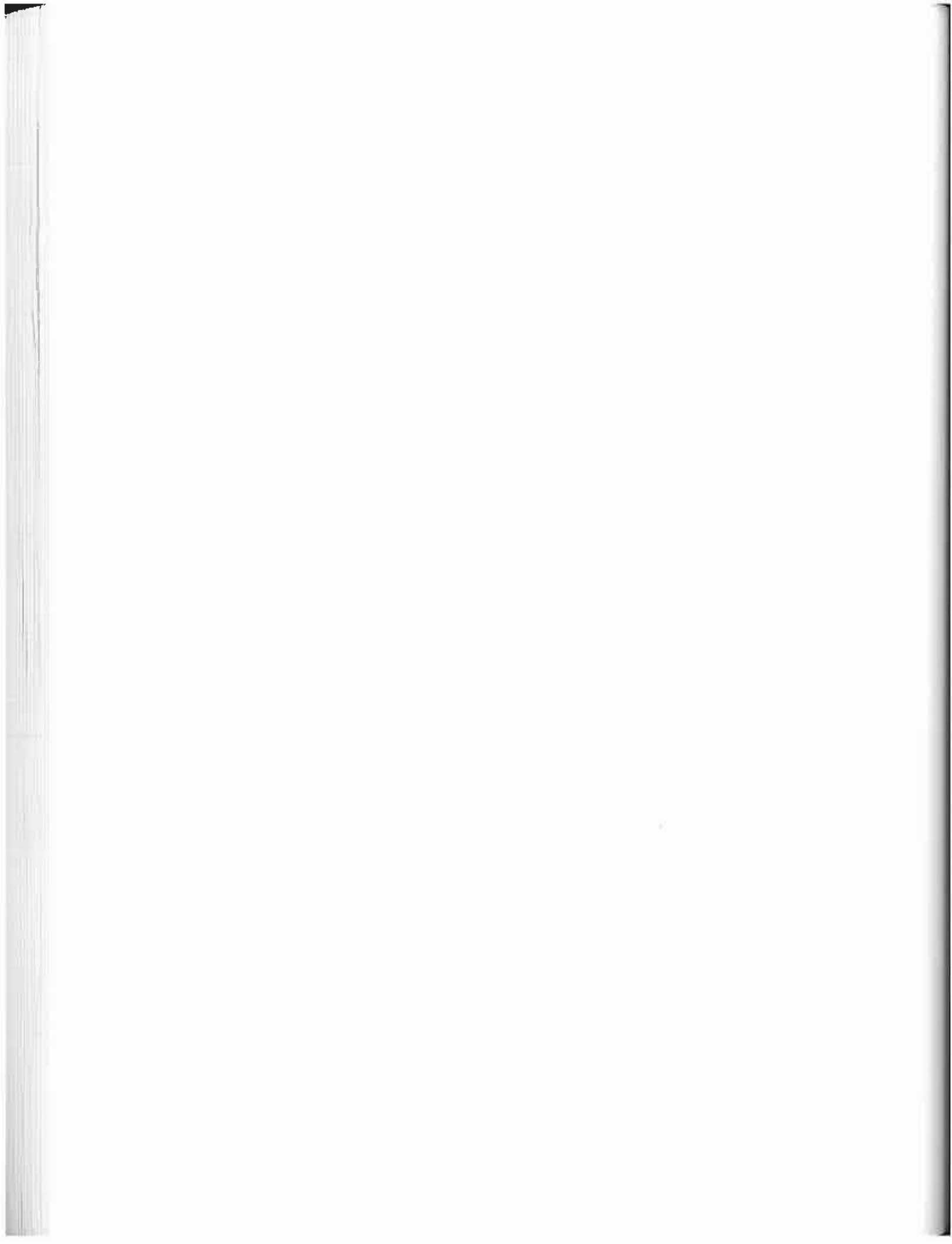
So make up your mind that you will have integrity in everything you do. Do the necessary things first, even if they are difficult. And learn what you need to know, without wasting time learning unimportant stuff.

Hard work is by definition hard. But it's not all that hard if you know why you're doing it.

—Mark Morgan Ford

CHAPTER VI

IMPROVING YOUR PERSONAL PRODUCTIVITY



THE EARLY-TO-RISE VIRTUE

Getting to work early is such a common virtue of successful people that I'm tempted to call it the single most important thing you can do to change your life.

I wasn't always an early riser. For most of my twenties, if I saw the sun rise it was before going to bed. And in my thirties, I'd struggle to get in to the office by 9:00. I wasn't afraid of the work. Most days, I'd put in 12 to 14 hours. But since I had accustomed myself to late hours in college and graduate school, I saw no reason to change my waking and sleeping habits. "I do my best work after midnight," I used to say. And for a while, I even believed it.

My conversion happened in my early forties, after I'd already become financially independent. That being the case, I can't argue that it's impossible to become successful unless you get up early. I did it. And plenty of others did it, too. But I can say that the success I've had since then has been more dramatic... and has come a lot easier.

At the time of my conversion, I was working about 65 hours a week, beginning each workday at 9:00 a.m., working until about 8:00 p.m., and working at least half a day on Saturday and Sunday. (Needless to say, I wasn't seeing much of my family.)

My partner at the time was getting to work at 7:30 or 8:00 (I can't be sure, of course, since I was never there to greet him!) and leaving at about 6:30 or 7:00. He was working about the same number of hours as I was during the week but didn't work at all on weekends.

I was jealous of his weekends, and promised myself repeatedly that I'd not work weekends either. But when Friday came to a close, I never felt my work had been done. There were always several very important matters needing attention. Therefore, one weekend after the next became filled with catch-up work.

My family didn't like it. I didn't like it. But the really frustrating thing was that nobody at work seemed to notice all the extra time I was putting in. In fact, I was getting ribbed about coming in late.

After working especially late one night, I stopped for gas at about two o'clock in the morning. As I handed my credit card to the lady in the glass booth, she said, "Man, you look beat!"

"I've been working almost 12 hours a day," I told her. "And half-days on weekends."

She looked at me, unimpressed.

"You talk about it like it's a virtue," she said.

"Well if working long hours isn't a virtue," I shot back, "what is?"

"Getting to work first," she said.

It was bizarre —being lectured about virtue by a gas jockey at 2 a.m. But I knew she was right. For all the extra hours I put in, my partner—who had his weekends free—had cornered the market as far as the Puritan work ethic was concerned. He seemed more virtuous not only to our employees but also, I suddenly realized, to me!

There is something about getting in earlier that seems wiser, nobler, smarter, and just plain more industrious than working late. Getting to work earlier says something about being energetic, organized, and in control. Staying late leaves the opposite impression: You are diligent but disorganized, earnest but erratic, hardworking but a drudge. In *How to Become CEO*, Jeffrey J. Fox puts it this way:

If you are going to be first in your corporation, start practicing by being first on the job. People who arrive at work late don't like their jobs—at least that's what senior management thinks.... And don't stay at the office until 10 o'clock every night. You are sending a signal that you can't keep up or your personal life is poor.

The lady in the glass booth was right. Getting to work first was better than working until dawn. From that moment on, I resolved to come to work earlier.

And I did. At first, it was difficult and my success was sporadic. But then I came upon a plan that worked. I resolved to set my alarm clock a minute earlier each day. A single minute would feel like nothing, I figured. Yet in the course of two months, I would have moved the start of my day back by an hour.

I used this minute-per-day program to move my at-work time from 9:00 to 8:30 and then to 8:00 and then to 7:30. Nowadays, I typically wake up at 5:30 and arrive at my desk (or my workout) at 6:30.

"Early to bed and early to rise, makes a man healthy, wealthy, and wise," Ben Franklin advised almost 300 years ago. Taking that path really did make a big difference in my life. And I'm not the only one. There are several studies showing that successful entrepreneurs and most CEOs typically get to work at least an hour before their employees. Most of the wealthiest people I know get up early. In fact, this is such a universal trait of successful people that I'm tempted to say it's their number one secret.

—Mark Morgan Ford

Your Perfect Workday Starts Yesterday

Friday, 5:15 p.m. You shut down your computer and say to yourself, "That's enough. I'll get an early start on this project first thing tomorrow morning."

While you might have the best of intentions, that rarely happens. But with a few simple changes to how you approach the next day's tasks, you can prepare yourself for what could be the closest you ever come to a perfectly productive workday.

It all begins with preparing for tomorrow's work at the end of the day today.

Before you shut down your computer, spend 5 minutes putting together a specific action plan for the next day. Identify where you're going to start. Write down the steps you are going to take. This will allow you to make rapid progress in the critical first few hours—or even minutes—of your workday. (Before emergencies start landing on your desk.)

If you are unprepared to get going first thing in the morning, you will find it hard to overcome inertia and will likely succumb to the gravitational pull of procrastinating activities.

Even successful CEOs of Fortune 500 companies are not immune to procrastination. According to a study by the consulting firm McKinsey and Company, less than 25% of CEOs are happy with how they spend their time. Many of them admit to chronic procrastination and time wasting, placing themselves in one of four self-explanatory categories: "The Online Junky," "The Schmooser," "The Cheerleader," or "The Firefighter." (No doubt, you can identify with one of them. In my case, it's The Online Junky.)

There is only one way to overcome the inertia of getting started and the gravitational pull of your personal time suck. And that is to be prepared.

If you're a writer, you need to create an outline. If you're a salesperson, you need to have a list of the first three to five calls you're going to make in the morning. If you're going to study, you need to know what book, chapter, and page to start on. Even if you're going to use this time to exercise, you need to have a written plan for your workout.

Leave nothing to willpower first thing in the morning. You must simply get up and go to it, taking robotic action. You must simply start. That's the only way to overcome the procrastination that plagues us all.

And just in case, identify the obstacles in your way and come up with at least two solutions for each. If, for example, you know that the siren call of the Internet is distracting for you, use a computer that is not connected online. Or use an Internet-blocking program for the first 60 to 90 minutes of your day.

Finally, you need objectives to achieve within a specific timeframe. What is the endpoint of the project you are working on, and how long are you willing to commit to working towards it? Set objectives and a deadline so that meetings, calls, and creative sessions don't drag out long past they've become productive.

It's a simple strategy: Plan your day, outline your work and objectives, get up early and attack it immediately.

It's almost so simple that you might dismiss its value. But I urge you to try it for the next two weeks.

Before you shut down your computer, schedule your next day. Give yourself an outline with action steps, objectives, and a deadline.

You'll find that the old saying is true: "Well begun is half done."

And wouldn't that be a nice feeling to have every morning?

—*Craig Ballantyne*

THE FOUR QUADRANTS

We live in a time-pressured world where it is common to have multiple overlapping commitments that all require **immediate attention now**.

Urgency is no longer reserved for special occasions; it is an everyday occurrence. Missing deadlines is not the path to **advancement** or even good job reviews. So how can you manage the flood of responsibilities, do excellent work, and maintain a positive frame of mind?

The Covey time management grid is an effective method of organizing your priorities. As you can see from the grid below, there are four quadrants organized by urgency and importance.

	URGENT	NOT URGENT
IMPORTANT	Quadrant I: Urgent & Important	Quadrant II: Not Urgent & Important
NOT IMPORTANT	Quadrant III: Urgent & Not Important	Quadrant IV: Not Urgent & Not Important

Source: Stephen Covey, *7 Habits of Highly Effective People*

- Quadrant I is for immediate and important deadlines.
- Quadrant II is for long-term strategizing and development.
- Quadrant III is for time-pressured distractions. They are not really important, but someone wants it now.
- Quadrant IV is for those activities that yield little if any value. These are activities that are often used for taking a break from time-pressured and important activities.

Many people find that most of their activities fall into Quadrants I and III. Quadrant II is often under-used. Yet Quadrant II is exceptionally important because one must work on those activities both tactically and strategically at the same time.

Using the Grid

The grid has many applications. Two will be suggested here. The first and most obvious use of the grid is to take your current to-do list and sort all the activities into the appropriate grid. Then assess the amount of time you have to accomplish each activity and, if necessary, reallocate.

The second application is a one-week assessment strategy. Make five copies of the grid. Using one grid for

each day of the week, list all activities and time spent. At the end of the week, combine the data for the five individual days and enter it on a sixth (summary) grid. Calculate the percent of time spent on activities in each quadrant. Then evaluate how well your time is being spent and whether your workload needs to be reorganized.

The Bottom Line: Do important things first!

—Stephen Covey

HOW TO GET UNSTUCK

When you agreed to do it, it seemed like a wonderful challenge. Now, your deadline is fast approaching and you haven't even started. Getting the job done is a priority, yet it somehow doesn't happen. Instead, it stays there on your daily task list—highlighted for attention but never attended to.

What causes this pernicious process? Why does a great opportunity turn into a very big chore that turns into an overwhelming enigma that threatens to turn into The Big Job You Never Even Started?

There are all sorts of causes—but only one solution that consistently works for me.

Here it is:

1. If you have been stuck for more than three days, you are stuck. Admit it. Stand in front of the mirror and repeat: "I shot my mouth off. I'm stuck." You have been waiting for inspiration to save you, but it hasn't appeared. Stop waiting.
2. Change the status of the job. It was one priority among many. Now, make it No.1 on your daily task list.
3. Don't even think of attacking the whole mess at once. Break it up into small pieces. If it's a 40-page report you have to write, break it up into pages. If it's a bunch of people you have to talk to, think of each conversation as a separate task.
4. Working back from your deadline, figure how many discrete units (pages, calls, etc.) you need to do each day. Then figure out how long it will take you to do that many units.
5. If each unit can be done in less than 15 minutes, you are in luck. Give yourself the job of doing just one 15-minute task each day. If you will have to spend more than 15 minutes a day to finish, then begin—still—with 15 minutes and gradually increase your daily time commitment as you get rolling.
6. Start immediately. Do your first 15 minutes even if you feel that what you are doing is not very good.
7. Keep going until you break through the psychological barrier you've been up against.

The secret here is to reduce each day's work to 15 minutes. It is such a small amount of time that you won't have any trouble doing it. This will get the ball rolling, even if it doesn't seem to be rolling in the right direction. Sooner or later—and this is guaranteed—you will get that inspiration you had been waiting for while you were stuck. And when it happens, you will find that you've already done a good deal of the grunt work (thinking, planning, research, whatever).

This is particularly useful when you get to the point where you don't actually like a project anymore. In that case, unless you have the discipline to hack away at it every day, you will avoid it and it will never get done.

Some days, you will want to work more than 15 minutes. That's fine. In fact, that's the idea. It means your creative mind is starting to kick in. One day—and this can happen at almost any time—you'll suddenly see the big picture and will be able to get the whole project done right. You may decide to scrap some of what you've been doing and change some of it. But from that point on, you'll work quickly and easily.

—*Mark Morgan Ford*

SELF-EFFICACY AND THE ART OF DOING THINGS

In Lethbridge, Alberta, where I went to university and lived for five years, there is a very large, long, and very high train bridge. It stretches across a giant valley carved away by the Oldman River. So in an effort to prevent trains from being swallowed in the belly of Lethbridge, early workers built the bridge across the valley.

Over 300 feet tall and 1.6 kilometers long (just under one mile), the High Level Bridge, as it's called, is the largest of its kind. It was completed in 1909 by men who probably all had mustaches or beards and didn't have safety equipment. And I don't understand how they did it.

The bridge has always fascinated me. And from all angles—from the highways on both sides, underneath it, and even on top of it—whenever I really look at it, I'm in awe. It's the symbol of the city and its main attraction. It is Lethbridge and, in a sense, my whole experience living there revolved around the bridge.

A Thing I Didn't Do

Early on in my time in Lethbridge, I mentioned in conversation how fascinated I was by the bridge. The person I was talking with happened to have recently visited the local museum, where a video is regularly shown that documents the construction of the bridge.

A gift from the universe. But I spit in the universe's face. Despite my deep interest in the topic, the proximity of the museum, and the fact that the experience would provide me exactly what I was looking for, I never went.

I've thought about this many times. Why didn't I ever go? Why wouldn't I do something so easy—something I wanted to do?

Albert Bandura's Theory of Doing Things

Bored out of his mind in Mundare, Alberta (population 855), Albert Bandura grew up to become a world-famous psychologist. Now among the most cited psychologists, and clearly a doer of things, Bandura is the authority on getting things done. His Social Cognitive Theory revolves around the concept of self-efficacy. According to Bandura, self-efficacy is "the belief in one's capabilities to organize and execute the courses of action required to manage prospective situations." In other words, self-efficacy is your belief in your own ability to do the things you want to do.

People with high levels of self-efficacy:

- See problems as challenges to overcome or tasks to be mastered. Even completing small tasks is a

source of satisfaction.

- Develop deep interests and are active participants in various activities. Interests grow and develop and the world seems big.
- Form a strong sense of commitment to their interests. They don't go halfway or start projects and give up quickly.
- Recover quickly from setbacks and disappointments.

Whereas people with low levels of self-efficacy:

- Avoid challenges (or inconveniences)—big or small (even very small).
- Believe difficult things are beyond their abilities. They see other people doing things and assume the position of observer, not participant.
- Focus on their personal failings. They don't give themselves credit.
- Lose confidence easily and quickly, giving up on new things when they're difficult, uncomfortable, or just different.

I believe the answer to why I didn't do an easy (and enjoyable) thing lies in this concept of self-efficacy.

But what about doing hard things?

A Thing I Did Do

The bed was a little wider than my body and not quite as long. It sunk in the middle so it was more like a hammock or a trampoline than a bed. And the blanket was thick and stiff, suspended over the bed like a tarp on a canoe. I had been cold and lost and alone, but found my way to my room to regroup and recuperate.

I didn't know what time I arrived in Iceland, but found that it was earlier than stores opened. Being alone in a strange place hit me hard, so I crumpled myself into my little nook and went to sleep. The nap was a success, and I soon turned things around and had a wonderful three days by myself.

I had always wanted to go to Iceland. So I went. I spent three days alone there, finding my way around, doing things, learning some of the culture, navigating the lunar landscape (NASA took their astronauts to Iceland to get a feel for what it would be like on the moon), adjusting to the time change and the never-setting sun, exploring, and overcoming low spirits to relax and enjoy.

By all accounts, doing all that was much harder than driving down the street to go to a museum. Both were things I wanted to do. But I did the hard one and never got around to the easy one. Why? Self-efficacy can provide some answers.

Bandura's Theory of Doing Things, Again

According to Bandura, self-efficacy is deep-rooted. It develops in four main ways:

1. *Social modeling.* Seeing other people succeed raises our belief that we too can succeed. This is especially true when the person is within our sphere of influence. We may think things like: "If that regular schmo can do it, I can too." But it can also go the other way: "If that awesome dude can't do it, why should I be able to?"

2. *Social persuasion.* Encouragement from others makes it easier to do things, and discouragement makes it harder. This can be obvious or subtle. Not getting the encouragement we're hoping for, even with no direct discouragement, can severely weaken our ability to do things. This shows how fragile self-efficacy can be when not tended to.
3. *Mastery experiences.* Bandura says this is the most effective way to develop self-efficacy. Succeeding makes further success easier to attain. But it almost seems stronger going the other way. One failure, no matter how minor, can be a huge blow. Again, self-efficacy is a fragile thing when left on its own.
4. *Psychological responses.* Our moods, feelings, physical reactions, stress levels, and other states of mind can affect our levels of self-efficacy. But, Bandura notes, "It is not the sheer intensity of emotional and physical reactions that is important, but rather how they are perceived and interpreted." We can take charge by being aware of how states of mind affect our self-efficacy.

But why didn't I go to the museum? My own experience tells me that we can have different levels of self-efficacy in different areas or for different types of tasks. It seems that I have higher self-efficacy in doing more involved things, and low self-efficacy when it comes to smaller tasks. Remembering that I can do big things makes it easier to do small things. And if it's the other way for you—small tasks are easier but you avoid big things—remember that big things are just a lot of small things piled on top of each other.

So how do we increase our levels of self-efficacy?

The first step is to know yourself. What types of tasks give you difficulty? No one finds everything difficult, but everyone probably struggles with something. Examine your life. Think small for now. Imagine yourself going through a normal day. What do you put off for later? What do you get done right away?

Your weaknesses should be easier to spot. But focus on your strengths. When you understand your strengths—the areas where your self-efficacy is high—you can understand how to improve your weaknesses.

I'm good at doing long-term or complex things, and I avoid doing smaller and simpler things. It's much easier to buy a bottle of shampoo than it is to build a business. It might be easy to say I'm more excited about building a business than I am about getting shampoo. And that might be true. But when I do finally get around to replacing the shampoo, I'll feel very satisfied and look forward to using it.

Completing any task brings some level of satisfaction. Often the satisfaction level is the same from completing small tasks as it is from completing big ones. But I avoid the smaller tasks.

Any long-term, big, complex, complicated, multi-faceted, in-depth task is just a bunch of small tasks in a row. And there are no exceptions. Completing each of these small tasks is no more satisfying than buying a new bottle of shampoo. Even just keeping that in mind helps make any type of small task more manageable.

Or we could look at it the other way around. If I'm motivated by long-term benefits, it helps to realize that each small task has a long-term benefit. Fixing my car will save me money on more serious repairs later. New shampoo will keep my hair healthier, because there's no way the slime I use now does it any good. Getting up one snooze earlier means a better breakfast and improved health.

Remember, big tasks are just a bunch of little tasks piled on top of each other. Use what you know about getting small things done. Start small, and take it task by task.

Understanding is a giant step to overcoming. Thinking like Bandura—consciously tending to your self-efficacy and realizing it is a driving force behind your actions or inactions—will open up your whole life and jumpstart your progress. Few things are more satisfying than doing exactly what you set out to do.

—*Ian Walker*

CHAPTER VII

MANAGING YOUR TIME



FIVE SECRETS TO TURNING WASTED TIME INTO PRODUCTIVE TIME

Five minutes here and 10 minutes there slip by unnoticed, but swallow up hours of your life every day.

Here are five productivity secrets that can save you a good two hours each day that you can put toward achieving your goals.

Productivity Secret No. 1: Streamline Your Email

Email has become a way of life for most of us—especially in business. But it doesn't have to take a huge bite out of your work life. With just a few changes in the way you manage email, you'll save yourself one or more hours every day that you can apply to constructive goals.

I schedule time to sift through my email once or twice a day (at most) to keep it from consuming hours of my time. A lot of the messages that I get are questions about problems that people are looking to me to resolve. Most of them I simply ignore. And I find that they are usually handled just fine without my interference.

At this point in your career, you may not be able to do this. Still, you should keep this idea in mind.

Here are a few other ideas:

- Keep your email messages short and to the point—and ask the people who email you to do the same. Very few messages need to be more than a screen-page long. And those that pose a problem should always be presented with multiple-choice solutions.
- If you find that you need more than one screen page to say what you have to say, the subject is probably too involved to be handled effectively through email. You need to do it over the phone or face-to-face instead.
- If possible, let email messages wait unless they're real red-light emergencies. It is said that Napoleon Bonaparte waited a month before answering letters. "If a response is still needed, I will write it then," he said. I feel pretty much the same way about email.
- As many as 50% of the messages you send could be reduced to a short statement in the subject line. For example:

- Staff meeting moved to 1:30 p.m.
- FedEx package just arrived.
- Yes, I'll marry you. (I hope, however, you'll consider handling this one in person.)

No need to waste your precious time going into detail about why the meeting was changed, admonishing people to be on time and a bunch of other stuff that nobody cares about. By distilling your message to its

essence in the subject line, you also save time for the people you're sending it to. They won't feel compelled to respond to it—and you won't have to bother with reading and deleting multiple versions of "Okay, I'll be at the staff meeting. Looking forward to it."

Productivity Secret No. 2: Attack Similar Tasks in Blocks

Whether you have to answer 25 emails, make nine phone calls, or write three memos, you'll easily save yourself an hour a day just by lumping like tasks together and blocking out time in your schedule to tackle them all at once.

Productivity Secret No. 3: Take Control of Your Schedule With This Simple Device

Do you start your day with the best of intentions—organize your schedule, block out your time, highlight important goals, and vow to stick to it today—only to find your good intentions shot to hell by noon? It's hard to keep track of the time. You bury yourself in work. And the next time you look up, three hours have passed and you don't have half the things done you'd planned. I've solved that problem with a battery-operated egg timer.

I allot every task on my to-do list a certain amount of time. When I start the task, I set the timer. When that time expires, the timer signals me with an ascending scale of louder and louder beeps. I keep the timer at the far end of the office so that I can't just reach over and turn it off. I have to get out of my chair and cross the room. Then, instead of returning to my desk to start the next task on my list, I leave the office to take a brief, one-minute walk or stretch. This gives me a breather and helps me switch tracks.

Productivity Secret No. 4: Get Meetings Under Control

I believe wholeheartedly in limiting business meetings. Too much time gets wasted in meetings that stretch on for an hour or two without accomplishing anything of significant value.

Whether or not you're leading the meeting, you should always have a plan before attending. Your plan should include a specific personal agenda ("I will leave the meeting with an agreement from Jeff on the new product"), as well as ideas about how to attain that goal ("I'll make him a quick, logical argument—and if he doesn't go for that, I'll remind him of the favor he owes me").

If you're in charge of the meeting, your biggest challenge will be to start it on time and keep it short and on point. It's aggravating when people walk in 10 minutes late and disrupt the flow of ideas in order to be brought up to speed. It's even more aggravating when the meeting then drags on, chewing up an hour or more without accomplishing what it was meant to.

Schedule very short meetings—20 minutes, max—with very specific agendas. With only 20 minutes available, the meeting will have to start on time. You will find—as I have found—that more gets done because everyone is forced to focus on the most important issues right away. And latecomers will learn a valuable lesson about punctuality: There's no time to bring them up to speed in a 20-minute meeting, so they will have to catch up on their own time. And they will likely show up when they're supposed to next time.

Productivity Secret No. 5: Limit Memos to One Page

Another way you can streamline your day is by changing the way you write simple business documents. Writing a memo can take 30 minutes or more. But you can cut that time in half and double the power and clarity of your message simply by shortening the length.

When business writing is bad, it's usually because of one of four problems:

1. It's too complicated.
2. It's too confusing.
3. It's too vague.
4. It's unconvincing.

Making a straightforward statement at the very beginning of the memo lets your readers know exactly what you are talking about and why they should keep reading. If your point is strong (i.e., the idea is useful to them), it will appeal to them right away and motivate them to read with attention the rest of what you have to say.

There is no copy, however long, that justifies a thesis statement. Mastering the one-page memo is an invaluable business skill that will not only make you a more powerful communicator but also sharpen your thinking.

Before you type a single word, ask yourself, "What is my bottom line thought on this subject?" If, for example, you are writing a memo about your business's new budget, the thought might be "Our revenue targets are overly optimistic."

If your idea can't be expressed in a simple declarative statement like that, you need to keep thinking until you have it.

Use that statement as your first sentence. Then spend most of the rest of the memo explaining what you mean by it. Don't over-explain. And don't under-explain, either. Provide as much evidence as you need to prove your point. Finally, compose a concluding sentence that harkens back to your opening statement and also ties together any loose ends.

It's a time-tested formula:

- Tell them what you're going to tell them.
- Explain it.
- Tell them what you just told them.

—Mark Morgan Ford

How to Manage Inbox Overload

Email is meant to streamline communication and make it more efficient. It can. But more often than not, it morphs into a time-devouring, stress-inducing, work-destroying monster.

Here's how to vanquish the beast.

Step 1: Reducing Incoming Email

Write emails that don't create more emails.

You send out an email with an open-ended question like:

"When do you want to get together?"

They respond with "Monday."

You: "Monday isn't good for me. How does Tuesday sound?"

Them: "Sure. What time?"

You: "2 p.m.?"

Them: "2 p.m. isn't good. How about 5 p.m.?"

And so on.

This can be avoided by substituting the initial open-ended question with one that elicits a yes/no response:

"Let's get together this week. I'm available M,T,W between 12 noon and 5 p.m. Do any of those days/times work, and if so which one?"

They respond with the date and time. End of email thread.

Use CC with discretion. Every person you add to an email thread is another reply waiting to happen. Include only people who absolutely need to be in the thread.

Try to include a non-response default action. Example: "I'm going to schedule the conference room for Tuesday at 3 p.m. If I don't hear back from you by tomorrow, I'll assume that's fine."

Use a vacation responder when you'll be away for more than a few days. By doing this, people won't keep emailing you again and again because they think you're around and just not responding.

Step 2: Handling the Emails You Couldn't Get Rid of With Step 1

Move emails that don't need an immediate response to a separate folder. Answer all of them at the same time, preferably at the end of the day. You're going to perform one of four actions: respond, delete, file, or archive. The goal is to completely clear your inbox.

If you get emails that require the same sort of answer over and over, consider using canned responses. A quick Google search will help you find out how to do this.

Use text expanders. Text expander programs (related to canned responses) allow you to assign predefined keystrokes to complete words and phrases. Whenever you type in that keystroke, the text expander will type out the complete word or phrase.

Consider an email processing tool—a Web app to help you get through your emails quickly and painlessly. Here are a few to check out.

- **Gmail Priority Inbox.** If you use Gmail, give their Priority Inbox feature a whirl. When you turn it on, Gmail starts watching how you answer and process your email. Based on your behavior within the inbox, Gmail will start sorting your email automatically for you, putting your important stuff on top and not-so-important stuff on the bottom. It takes a while for Priority Inbox to really work its magic, so you have to be patient in the beginning.
- **Sanebox.** Sanebox functions similarly to Priority Inbox. Besides filtering and sorting your email for you, Sanebox offers some useful features like one-click unsubscribe and follow-up reminders.
- **Mailbox.** Mailbox is an email app for your iPhone and iPad that has received a lot of buzz. It's supposed to help you get through your email quickly. I gave it a try (after being on the waiting list for a few months) and wasn't too impressed. But that's just my opinion. I know several folks who have had their email lives changed by this app. To each their own.

—Brett McKay

FINDING THE TIME TO STAY HEALTHY

Staying healthy is not something younger people usually think about. But as time wears you down, it becomes clear what a critical component of success good health is.

If you've ever been seriously ill, you know what I mean. There is not enough fame, fortune, or power in the world to compensate for the loss of your health. Not nearly enough.

5 Things You Must Do to Stay Healthy

I've been involved in the start-up of a health clinic in Florida. The doctor who heads up the clinic has spent most of the last 10 years studying aging and helping middle-aged and older people get younger. When we went into business together, I asked him to put me on a rejuvenation program, and he did. I lost weight, gained muscle, and increased my flexibility. I now feel stronger and more positive than I ever did before. I attribute it to this five-point approach to good health:

1. Diet
2. Aerobic exercise
3. Strength training
4. Flexibility training
5. Mental attitude

As a busy, achievement-oriented person, you may be thinking that you don't have enough time in your day to take care of all those things. But I would disagree. If you make them a priority and plan them into your schedule, you'll be surprised at how much you can do for your health... on even your busiest days.

Here's how I do it:

1. **Diet:** I eat four small, no-starch meals during the day and one balanced meal (with a little starch) in the evening. I try to never eat after dinner. All meals but dinner are eaten (alone) over work, but never over stressful work.
2. **Aerobic exercise:** I mix it up a bit, but my aerobic activity can include running sprints, bike sprints, Jiu Jitsu, or boxing. I do one or two 10-minute routines every day. Since these are sweaty workouts, I do them before or after work.
3. **Strength training:** I have a little gym right outside my office. I work out intensely for 5 minutes three times during the morning, usually after accomplishing a worthwhile task.
4. **Flexibility training:** I do a quick, 5-minute stretch every morning and another 10-minute stretch sometime during the day.

5. **Mental attitude:** This doesn't take any serious time—just a few seconds every once in a while to remind myself to slow down and enjoy life.

Plenty of studies show that a good diet and regular exercise make us less vulnerable to a wide range of serious and annoying health problems, including heart disease, cancer (colon, rectal, and prostate), poor circulation, obesity, diabetes, and more. That's important. Just as important to me is that taking care of my health makes me feel better and helps me work harder.

—Mark Morgan Ford

— Snapshot in Time —

Friday, April 4, 2008

Thinking About Leads in Your Spare Time

We're going to start a once- or twice-weekly exercise here with the Oxford Club copy group where we have all of our copywriters take 30 minutes first thing in the morning (maybe on Tuesdays and Thursdays) to read the financial press (WSJ, FT, etc.).

We'll each take another 30 minutes to whip up a headline and lead on something from that morning's news. At 9:30 a.m., we will grade each writer's combined headline and lead (on a 4 point scale).

Everyone participates, everyone grades. It should take 5 minutes to grade them and tally the scores—no discussion or critique. At the end of each month, the writer with the most points wins a \$10 Starbucks card, plus bragging rights, and perhaps a golden laurel crown.

This is related to Mark Ford's suggestion at a recent copy meeting. The idea, he explained, is to have our writers constantly remembering and thinking about how you can produce copy a little faster by staying in a productive groove instead of getting too intellectual about everything. It is based on the increase in productivity he saw when they forced editors to write copy on a daily basis.

He saw a huge increase in the quality of ideas by encouraging people to start thinking about leads in their spare time... the way Bill and Mark do for *Daily Reckoning* and *Early to Rise* essays.

Mark once said that if you want to know who you really are, pay attention to what you think about when you are taking a shower or a walk. You may make your money as an accountant or copywriter, but if you are investing your spare moments in fantasizing about doing a stint on "American Idol," you are a pop star pretending to be something else.

It's only when we become what we are supposed to be that we become what we are supposed to be.

—Jay Livingston

SETTING DAILY PRIORITIES

There is no better time to collect your thoughts, review your goals, examine your responsibilities, and plan your day than early in the morning when the office is quiet and still. Here's the early morning routine that works best for me:

Get Your Inputs (5 to 10 minutes)

I start the day by scanning my daily task list, which I have written the night before. If for some reason I haven't prepared a task list, I do it then, based on my weekly objectives. I then scan my email, not responding to anything but noting responses that will need to be made and putting some of them down on my task list. I do the same with the inbox that sits on my desk. Finally, I retrieve any phone messages. And if one of them requires action, I make note of it on my task list.

I make it a point not to do any work now (e.g., send out a quick email response or return phone messages) because I know if I do I'll get caught up in a lot of small stuff that will bog me down and drain my energy.

Sort and Prioritize (5 to 10 minutes)

Now comes the fun part. For each task on my list, I indicate the approximate amount of time I expect it will take to complete it. I always try to be realistic in my estimations.

As a general rule, I break up tasks into 15-, 30-, 45-minute, and 1-hour increments. But every once in a while (such as when I'm writing a book), I allow myself 2 or 2 1/2 hours for a single task.

I prioritize my tasks in terms of their importance and urgency. I do it based on the quadrant developed by Stephen Covey in his popular *7 Habits* books. He identifies tasks as being either (1) important and urgent, (2) important but not urgent, (3) unimportant but urgent, or (4) unimportant and not urgent.

The idea is that your schedule should be focused mainly on (1) and (2) tasks, because these require immediate attention or will advance you toward your ultimate goals. You should have a diminishing number of (3) tasks, since they indicate that you are not in control of your time. And, ideally, you should have no (4) tasks at all.

You could also assign priorities based on the ABCDE method, a well-known organizational technique. It goes like this:

- An **A task** is something that is important, something you must do.
- A **B task** is something you should do, yet it's not an A.
- A **C task** is something that would be nice to do, but it won't change your life in a radical way.

- A D task is something that should be delegated.
- An E task is something that shouldn't be done at all.

Another way to set priorities is to think in terms of the old 80/20 rule. As applied to productivity, the rule tells us that 80% of the things we do every day contribute to only 20% of the progress we make. That means 20% of what we do is responsible for 80% of our success. So we should identify 20% of the tasks on our to-do list as priorities—as tasks that will support our long-term goals.

Start by Doing Something Really Important (15 to 60 minutes)

I like to start out the day with an important-but-not-urgent task because these are usually the ones that make the biggest long-term difference. And because they are not urgent, they tend to be overlooked.

Your important-but-not-urgent tasks might include:

- Learning or improving a financially valuable skill
- Expanding your support network
- Writing a memo that will advance your career
- Brainstorming a new project

How to Make Sure the Important Work Gets Done

As you're mapping out your day, make sure you put at least one task on your to-do list that will get you closer to achieving your ultimate goals. And make sure it is something significant. This will almost automatically make it more difficult in some way. More nifty. More stressful.

But write it down anyway.

Highlight it. Or underline it. And don't—under any circumstances—fail to do it. Don't skip it for an easier task. Don't put it off until tomorrow. Tackle it first thing in the morning if that's what you have to do to get it done.

—Mark Morgan Ford

CHAPTER VIII

PRACTICAL WRITING SKILLS FOR AGORA

LETTERS

THE RULE OF ONE

I've been promoting the Rule of One for about 10 years. The rule states that an essay should express one and only one worthy idea.

One of the reasons *DailyWealth* is so successful is because Brian Hunt insists that his writers follow the Rule of One. Most of the bestselling books on self-improvement and investing have (wittingly or not) followed it, too.

So it won't surprise you to hear that when I see an essay like the following, which is really just a list of so-so ideas masquerading as an essay, I look at it suspiciously. My feeling is that if any one of the ideas on that list were any good it would deserve its own essay.

Take a look...

Financial Management for Freelancers

I was 22 years old when I took my first stab at running my own freelance business.

Taking care of billing, accounting, taxes, and other financial tasks seemed overwhelming, even stressful, because I didn't know what I was doing. Clueless about budgeting and keeping financial records, it didn't take long for me to go out of business.

I'm happy to report that my next go-round was successful. I went to an accountant almost immediately for some advice. It was the smartest investment I could have made. He demystified what I needed to do in about a half-hour and helped me run a profitable freelance business from the start.

Here are four tips on financial management that I learned that day:

- 1) Create a budget. Freelance work tends to result in fluctuating income. Therefore, it is very important to have a budget both for your business expenses and your personal expenses. Use your lowest income or your average income rather than your highest income to base your budget on. In your business budget, you'll want to include items such as tax payments, marketing, education, Internet service, your cellphone, and so on.*
- 2) Manage your expenses. While you want to avoid carrying debt, you may find it necessary to incur some debt, especially when getting started. When I started my freelance business, I knew I needed a website and some marketing materials to show the world I was open for business and looking for clients. I used a low-interest credit card to pay for hosting and a domain name. A friend helped me*

How to Write

On September 7, 1982, David Ogilvy sent the following memo to all employees in his advertising agency. The memo, titled "How to Write," was included in the 1986 book *The Unpublished David Ogilvy*.

The better you write, the higher you go in Ogilvy & Mather. People who think well, write well.

Woolly minded people write woolly memos, woolly letters, and woolly speeches.

Good writing is not a natural gift. You have to learn to write well. Here are 10 hints:

1. Read the Roman-Raphaelson book *Writing That Works*.
Read it three times.
2. Write the way you talk. Naturally.
3. Use short words, short sentences, and short paragraphs.
4. Never use jargon words like *re-conceptualize*, *demassification*, *attitudinally*, *judgmentally*.
They are hallmarks of a pretentious ass.
5. Never write more than two pages on any subject.
6. Check your quotations.
7. Never send a letter or a memo on the day you write it. Read it aloud the next morning—and then edit it.
8. If it is something important, get a colleague to improve it.
9. Before you send your letter or your memo, make sure it is crystal clear what you want the recipient to do.
10. If you want ACTION, don't write. Go and tell the guy what you want.

—David Ogilvy

design my website for free.

The key is to manage your debts by paying on time so that you avoid additional charges, using the lowest interest rate credit cards or loans possible, paying off debts quickly, and only incurring debts that are absolutely necessary.

- 3) *Put money aside each time you get paid. Work, especially when starting out, can be unpredictable. Get in the habit of saving some of your income from every project you do.*

Open a savings account and put a set percentage in the account every time you get paid. You might even set up an automatic transfer that puts money into your savings each time you deposit money. Putting away 5% or 10% each time will allow you to have a "rainy day fund," as well as make sure you have some cash on hand for taxes.

- 4) *Plan for your retirement. There is no pension fund when you're a freelancer. That means you'll be responsible for your retirement plan. Fortunately, setting up a retirement plan can also help you shelter your business profit. The two most common self-employed retirement plans in the U.S. are the Simplified Employee Pension plan (SEP) and the Keogh plan.*

As of 2012, in either one, you can put up to 25% of your net earnings or \$50,000 (whichever is smaller) from your self-employment income. Like an IRA, you can deduct this money off the top of your income, which gives you a big tax savings.

Compare that to an IRA with a cap of \$5,000 (or \$6,000 if you are 50 or older), and you can easily see the advantage of the SEP and Keogh plans.

I'd suggest you contact your own advisor to get advice on the best plan for you. The point is to set up an account from the very beginning and make a plan for your retirement savings now.

Following these four tips will make your business more enjoyable and profitable. Plus, you'll feel less stress and more in control of your life.

I'd be willing to bet that more than 80% of the people who got through the lead scanned these "tips" and said to themselves, "Duh, tell me something I don't already know."

The point is, if you don't have a single, strong idea for your essay... don't bother to write it. It won't be worth reading.

—Mark Morgan Ford

HOW TO BECOME A BETTER WRITER

Agora prides itself on being a publisher of uncommon and useful ideas—and good writers are essential to our success. Without good writing, it would be impossible for Agora to sustain a viable business from either a product or a marketing point of view.

There is no specific background that makes you a good writer. Good writing is engaging, informative, and fun to read. You don't need a journalism or English degree to master it. In fact, all you really need to do is develop the right habits. When I say "habits," I mean two habits in particular: reading and writing avidly.

Reading is fuel for the brain.

Everything that you read is stored in your brain's creative bank. The more you read, the more likely you are to mimic (maybe even enhance) the style of great writers.

So you should be not only a voracious reader but a well-rounded one as well. By "well-rounded," I mean that you should consume a balanced diet of fiction and nonfiction.

You might be wondering: "When can I find the time to read all those things?" And this is where I tell you that there is no way around reading. You are going to have to make the time for it.

Good writers are good readers. Period.

And if there is one particular genre that you ought to focus on, it is probably nonfiction. This is true whether you are an editor or a copywriter. In both areas, you are composing written pieces that present and explain a certain reality to a reader. And a good piece of nonfiction can show you ways to do that in a clear and precise fashion.

Magazines and newspapers are probably the best sources for nonfiction. Therefore I encourage you to read any or all of the following on a daily or weekly basis: *The Wall Street Journal*, *Financial Times*, *The New Yorker*, *Smithsonian*, *The Atlantic*, *National Geographic*, *The New Republic*, and *Reason*.

However, reading is only half the battle. As a writer you also need to develop a productive habit of writing.

Writing is not a God-given talent. It is a craft learned and perfected through practice... thousands of hours of practice.

So how do you go about completing those hours?

Quite simply by setting aside the necessary time to do it.

Deciding what to write is the hardest part of writing anything. So, during these practice hours, don't worry about what to write. Just write, write, and rewrite, until you have something that feels cooked. Then do it again and again, every day.

Reading and writing. There are many other habits that will help you become a better writer, but these are the most important ones.

That said, I do not want to waste any more of your time. After all, you have hours and hours of reading and writing to do...

—Alex Green

Why Long Copy Almost Always Outpulls Short Copy

By all means, don't shorten your copy because you or your client may fear that the unmotivated 95% of your prospects won't read long copy. Take it for granted that they won't and just write them off, as counterintuitive as that may feel.

The truth is, the unmotivated 95% won't read short copy or long! So if you shorten your copy in a misguided attempt to get higher readership among the unmotivated 95%, you'll lose that unmotivated 95% anyway. But you will also deprive the motivated 5% of the longer sales copy they need to make a favorable decision. You will waste 100% of your money if you downsize your message to accommodate the unmotivated 95%!

Write, instead, only to the motivated 5% and upsize your message to include everything your most motivated, eager-to-buy prospects want to know! Let your long copy sing out with all the benefits, proof elements, specifics, details, premiums, and special offers that your motivated 5% will eagerly welcome as they carefully consider making an important purchase.

—Gary Bencivenga

DECLUTTER YOUR WRITING

For writers, fighting clutter is like fighting weeds—we are always slightly behind. New varieties sprout overnight, and by noon they are part of American speech. John Dean holds the record. In just one day of TV testimony during the Watergate hearings he raised the clutter quotient by 400%. The next day everyone in America was saying "at this point in time" instead of "now."

Consider all the prepositions that are routinely draped onto verbs that don't need any help. Head up. Free up. Face up to. We no longer head committees. We head them up. We don't face problems anymore. We face up to them when we can free up a few minutes. A small detail, you may say—not worth bothering about. It *is* worth bothering about.

The game is won or lost on hundreds of small details. Writing improves in direct ratio to the number of things we can keep out of it that shouldn't be there. "Up" in "free up" shouldn't be there. Can we picture anything being freed *up*? The writer of clean English must examine every word that he puts on paper. He will find a surprising number that don't serve any purpose.

Take the adjective "personal," as in "a personal friend of mine," "his personal feeling," or "her personal physician." It is typical of the words that can be eliminated nine times out of ten. The personal friend has come into the language to distinguish him from the business friend, thereby debasing not only language but friendship. Someone's feeling *is* his personal feeling—that's what "his" means.

As for the personal physician, he is that man summoned to the dressing room of a stricken actress so that she won't have to be treated by the impersonal physician assigned to the theater. Someday I'd like to see him identified as "her doctor." Physicians are physicians, friends are friends. The rest is clutter.

Clutter is the laborious phrase which has pushed out the short word that means the same thing. These locutions are a drag on energy and momentum. Even before John Dean gave us "at this point in time," people had stopped saying "now." They were saying "at the present time" or "currently" or "presently" (which means "soon"). Yet the idea can always be expressed by "now" to mean the immediate moment ("Now I can see him"), or by "today" to mean the historical present ("Today prices are high"), or simply by the verb "to be" ("It is raining"). There is no need to say, "At the present time we are experiencing precipitation."

Speaking of which, we are experiencing considerable difficulty getting *that* word out of the language now that it has lumbered in. Even your dentist will ask if you are experiencing any pain. If he were asking one of his own children he would say, "Does it hurt?" He would, in short, be himself.

By using a more pompous phrase in his professional role he not only sounds more important, he blunts the

painful edge of truth. It is the language of the airline stewardess demonstrating the oxygen mask that will drop down if the plane should somehow run out of air.

"In the extremely unlikely possibility that the aircraft should experience such an eventuality," she begins—a phrase so oxygen-depriving in itself that we are prepared for any disaster, and even gasping death shall lose its sting. As for her request to "kindly extinguish all smoking materials," I often wonder what materials are smoking. Maybe she thinks my coat and tie are on fire.

Clutter is the ponderous euphemism that turns a slum into a depressed socioeconomic area, a salesman into a marketing representative, and garbage collectors into waste disposal personnel. In New Canaan, Connecticut, the incinerator is now the "volume reduction unit." I think of Bill Mauldin's cartoon showing two hoboes riding a freight train. One of them says, "I started as a simple bum, but now I'm hard-core unemployed."

Clutter is the official language used by the American corporation—in its news release and its annual report—to hide its mistakes. When a big company recently announced that it was "decentralizing its organizational structure into major profit-centered businesses" and that "corporate staff services will be realigned under two senior vice-presidents," it meant that it had had a lousy year.

Clutter is the language of the interoffice memo ("The trend to mosaic communication is reducing the meaningfulness of concern about whether or not demographic segments differ in their tolerance of periodicity") and the language of computers ("Congruent command paradigms explicitly represent the semantic oppositions in the definitions of the commands to which they refer").

Clutter is the language of the Pentagon throwing dust in the eyes of the populace by calling an invasion a "reinforced protective reaction strike" and by justifying its vast budgets on the need for "credible second-strike capability" and "counterforce deterrence." How can we grasp such vaporous double-talk?

As George Orwell pointed out in "Politics and the English Language," an essay written in 1946 but cited frequently during the Vietnam and Cambodia years of Johnson and Nixon, "In our time, political speech and writing are largely the defense of the indefensible.... Thus political language has to consist largely of euphemism, question-begging, and sheer cloudy vagueness." Orwell's warning that clutter is not just a nuisance but a deadly tool came true in America in the 1960s.

In fact, the art of verbal camouflage reached new heights of invention during General Alexander Haig's tenure as Secretary of State in the Reagan administration. Before Haig nobody had ever thought of saying "at this juncture of maturization" to mean "now." He told the American people that he saw "improved pluralization" in El Salvador, that terrorism could be fought with "meaningful sanctionary teeth," and that intermediate nuclear missiles were "at the vortex of cruciality."

As for any worries that the public might have about such matters, his message—reduced to one-syllable words—was "Leave it to Al." What he actually said was, "We must push this to a lower decibel of public fixation. I don't think there's much of a learning curve to be achieved in this area of content."

I could go on quoting examples from various fields—every profession has its growing arsenal of jargon to fire at the layman and hurl him back from its walls. But the list would be depressing and the lesson tedious. The point of raising it now is to serve notice that clutter is the enemy, whatever form it takes. It slows the reader

and robs the writer of his personality, making him seem pretentious.

Beware, then, of the long word that is no better than the short word: "numerous" (many), "facilitate" (ease), "individual" (man or woman), "remainder" (rest), "initial" (first), "implement" (do), "sufficient" (enough), "attempt" (try), "referred to as" (called), and hundreds more.

Beware, too, of all the slippery new fad words for which the language already has equivalents: overview and quantify, paradigm and parameter, infrastructure and interface, private sector and public sector, optimize and maximize, prioritize and potentialize. They are all weeds that will smother what you write.

Nor are all the weeds so obvious. Just as insidious are the little growths of perfectly ordinary words with which we explain how we propose to go about our explaining or which inflate a simple preposition or conjunction into a whole windy phrase. "I might add," "It should be pointed out," "It is interesting to note that—how many sentences begin with these dreary clauses announcing what the writer is going to do next? If you might add, add it. If it should be pointed out, point it out. If it is interesting to note, *make* it interesting.

Being told that something is interesting is the surest way of tempting the reader to find it dull. Are we not all stupefied by what follows when someone says, "This will interest you"? As for the inflated prepositions and conjunctions, they are the innumerable phrases like "with the possible exception of" (except), "due to the fact that" (because), "he totally lacked the ability to" (he couldn't), "until such time as" (until), "for the purpose of" (for).

Is there any way to recognize clutter at a glance? Here's a device I used at Yale that students found helpful. I would put brackets around any component in a piece of writing that wasn't doing useful work. Often it was just one word that got bracketed: the unnecessary preposition appended to a verb ("order up"), or the adverb that carries the same meaning as the verb ("smile happily"), or the adjective that states a known fact ("tall skyscraper").

Often my brackets surrounded the little qualifiers that weaken any sentence they inhabit ("a bit," "sort of") or the announcements like "I'm tempted to say." Sometimes my brackets surrounded an entire sentence—the one that essentially repeats what the previous sentence said or that tells the reader something he doesn't need to know or can figure out for himself. Most people's first drafts can be cut by 50%—they're swollen with words and phrases that do no new work whatever.

My reason for bracketing the extra words instead of crossing them out was to avoid violating the sentence. I wanted to leave it intact for the student to analyze. I was saying, "I may be wrong, but I think this can be deleted and the meaning won't be affected at all. But *you* decide. Read the sentence without the bracketed material and see if it works."

In the early weeks of the term I gave back papers that were infested with brackets. Entire paragraphs were bracketed. But soon the students learned to put mental brackets around their own clutter, and by the end of the term their papers were almost clean. Today many of those students are professional writers and they tell me, "I still see your brackets—they're following me through life."

You can develop the same eye. Look for the clutter in your writing and prune it ruthlessly. Be grateful for everything you can throw away. Re-examine each sentence that you put on paper. Is every word doing new

work? Can any thought be expressed with more economy? Is anything pompous or pretentious or faddish? Are you hanging on to something useless just because you think it's beautiful?

Simplify, simplify.

—*William Zinsser*

DON'T BE WISHY-WASHY

Most readers will not stick around to read wishy-washy B.S. Take a look at these concluding paragraphs in a piece on copper-related investments:

The big picture is mixed. These facts alone don't let us say for sure how the copper market will behave. On one hand, copper supply is constrained, and even new discoveries won't change that in the short-term period. But here, we remain highly skeptical of the sustainability of the so-called economic recoveries in the U.S. and the EU, two of the biggest sources of demand that offset China's decreased demand.

For what it's worth, that's our collective take, and it makes us extremely reluctant to conclude that high copper prices are here to stay. We are very wary of entering into new copper plays at this time.

Here is a much better way to say the same thing:

In summary, we're not buyers of copper producers here. Supply is constrained in the short-term, which is bullish... but we're skeptical of the so-called economic recoveries in the U.S. and Europe.

If these giant economies slip back into recession, copper demand, and thus copper prices, will take a big hit, no matter what happens with supply. It's best to stay on the sidelines right now.

That's the kind of information people want to read... and are willing to pay for.

—Carli Flippen and Brian Hunt

"TEST" THE CLARITY OF YOUR WRITING WITH THE FK MANDATE

I was surprised to learn that some Agora franchises still don't use the FK as a tool for good writing. I believe it is the single best writing tool I have ever come upon.

The reason I like it so much is that it forces bad writers to write better. Most bad writing is bad because it is dense with redundancies and irrelevancies. And the primary reason is that the writer has not thought long or deeply enough about his main idea.

When you don't really know what you are writing about, your writing gets clogged up with these solecisms. You can eliminate them by studying Strunk & White. That will give you all the classic rules about good writing. Or you can simply observe the FK Mandate and keep your FK score below 7.5. To do that, you will have to follow the Strunk & White rules even if you don't know them!

For example, you will be forced to use simple sentences. You will be forced to use simple rather than ornate diction. You will be forced to write in the active voice. When I present the FK Mandate to writers, I often hear objections: "It won't work for my kind of writing," they say. "It is too technical." Or, "It will debase my copy. My ideas are complex and therefore require complex sentences to convey them."

These objections are bunk. I have never encountered a piece of bad copy that couldn't be 100% improved by lowering the FK to below 7.5.

However, the best way to show you the effectiveness and importance of FK is not by telling someone about it but by actually showing them.

So let me start by showing you an example with a not so great FK score. This essay was published by NHD:

Alternative Remedy Reduces Headaches in 15 Minutes

The first place many of us turn for headache relief is to a bottle of acetaminophen-laced pills. We don't blame you ... it does work. But the problem is that it's dangerous to take it all the time. Constant use of acetaminophen can cause liver damage, kidney damage, and even stomach bleeding. That's why it's important to find an alternative that works just as good... without any side effects. Now, research shows that one natural oil can fill that role.

A German study from the highly regarded University of Kiel shows that applying this oil to your head can significantly reduce headache intensity after 15 minutes. The study was led by Dr. Harmut Göbel, who is

the director of Kiel Pain Clinic.

"[The] oil proves to be a well-tolerated and cost-effective alternative to usual therapies," he says.

Other top doctors in the U.S. reviewed the findings out of Germany ... and they agree this oil can put an end to headache pain. Dr. Benjamin Kligler is an associate professor of family medicine at Albert Einstein College of Medicine in Bronx, New York. He wrote about the oil in the journal American Family Physician.

"Topical application of [the] oil [is] effective in the treatment of headache," he says. Dr. Kligler also added that it's a very safe alternative.

The Oil vs. 1,000 mg of Acetaminophen

The oil that can reduce your headache pain is peppermint oil. Peppermint has been used throughout history for digestive orders, but the fact that it also soothes headache pain is welcome news. You probably have it every day in your gum or your toothpaste... but it's likely that you've never used the oil itself.

Dr. Göbel's study included 41 patients and a total of 164 headache attacks. The peppermint oil or a placebo was spread across the patients' forehead and temples. The patients then kept a headache diary and noted their headache pain.

The peppermint oil significantly reduced headache intensity within 15 minutes and continued to relieve pain up until the hour-long observation period ended. So the peppermint oil successfully and quickly ended headaches.

But what about acetaminophen?

Dr. Göbel said it also worked well, but we already knew that was the case. "There was no significant difference between the efficacy of 1,000 mg of acetaminophen and peppermint oil," he says.

As we mentioned, the problem with acetaminophen is not that it doesn't work ... it's that it's not safe. Peppermint oil is a much safer alternative. And if both are equally effective ...why not give it a try?

Just One Drop?

Peppermint is available online or at health stores. Make sure you get the liquid oil and not the capsules so you can apply it to your head. Look for a product that contains 100% peppermint oil.

You only need to put a small drop in your hand and apply it to your forehead and temples. If your headache still remains, you can reapply another time after 15-30 minutes. This is a great way to relieve headache pain without adding further damage to your internal organs.

I'm sure you will agree that this is not good writing. It is dense and dull and in some cases repetitive.

As such, it misses the mark. It isn't compelling. This essay has an FK score of 8.9. Want to see how it can be lowered to 7.5?

Read the following version to understand:

Alternative Remedy Reduces Headaches in 15 Minutes

Got a headache? What do you do? Grab a handful of aspirin.

The great thing about aspirins is that they work. The bad thing ... Well there are several bad things. Constant use can damage your liver, kidney, and stomach lining.

That's why we wanted to tell you about an alternative that works just as well but without any side effects.

German scientists have discovered a natural oil that can reduce headaches fast without side effects. In a study at the University of Kiel, people suffering from intense headaches experienced relief in only 15 minutes.

The leader of the study, Dr. Harmut Göbel, is a top man in pain medicine. He is director of the highly regarded Kiel Pain Clinic. Göbel says the oil proved to be a cost-effective alternative to aspirin and other "usual" headache therapies.

*Other top doctors agree. A group of American doctors reviewed the findings and were impressed with the results. Writing in *American Family Physician*, Dr. Benjamin Kligler of the Albert Einstein College of Medicine in New York called the oil "effective" in treating headaches. He also affirmed that it is safe.*

The Oil vs. 1,000 mg of Acetaminophen (Aspirin)

The new natural headache cure is peppermint oil. It's been used for centuries as a remedy for stomach problems but its effectiveness for headache pain is welcome news. Peppermint oil is very common. It's a common ingredient in toothpaste. But the oil itself has only recently been used for headaches.

Dr. Göbel's study included 41 patients and a total of 164 headache attacks. The peppermint oil or a placebo was spread across the patients' forehead and temples. The patients then kept a headache diary to note their pain. Not only did it reduce pain in 15 minutes, it continued to relieve pain up until the hour-long observation period ended.

Just One Drop?

Peppermint is available online or at health stores. Make sure you get the liquid oil and not the capsules so you can apply it to your head. Look for a product that contains 100% peppermint oil.

You need only a small drop. Take it in your finger and rub it into your forehead and temples. If your

headache persists in 15 minutes, you can put on more.

This is a great way to relieve headache pain without adding further damage to your internal organs.

As you can see, this is much better. Here are the reasons:

- It is faster to read because it is shorter (the redundancies and irrelevancies are eliminated)
- It is easier to read because the language is more active and the phrasing is simpler
- It is easier to understand because the ideas are not obscured
- It is more compelling because of all of the above

I wrote the revision in 10 minutes. (I timed myself.) It has an FK of 7.2.

There is no reason to ignore the FK Mandate. The editing can be done by the writer or by another person. And in very short order. The FK Mandate saves time. It saves money. And it gives you better, stronger copy.

—Mark Morgan Ford

21 Writing Tips From *The Elements of Style*

1. *Place yourself in the background.* Write in a way that draws **the reader's attention to the sense and substance of the writing, rather than to the mood and temper of the author.**
2. *Write in a way that comes naturally.* Use words and phrases **that come readily to hand.**
3. *Work from a suitable design.* This does not mean **that you must sit with a blueprint always in front of you, merely that you had best anticipate what you are getting into.**
4. *Write with nouns and verbs, not with adjectives and adverbs.* The adjective **hasn't been built that can pull a weak or inaccurate noun out of a tight place.** Nouns and verbs give good writing its toughness and color.
5. *Revise and rewrite.* Revising is part of writing. Few writers are so expert **that they can produce what they are after on the first try.**
6. *Do not overwrite.* Rich, ornate prose is hard to digest, generally unwholesome, **and sometimes nauseating.**
7. *Do not overstate.* Readers will be instantly on guard, and everything that has preceded your overstatement as well as everything that follows it will **be suspect in their minds because they have lost confidence in your judgment.**
8. *Avoid the use of qualifiers.* Rather, very, little, pretty—these **are the leeches that infest the pond of prose, sucking the blood of words.**
9. *Do not affect a breezy manner.* The breezy style is often the work of **an egocentric, the person who imagines that everything that pops into his head is of general interest and that uninhibited prose creates high spirits and carries the day.**

10. *Use orthodox spelling.* Unless you plan to introduce a complete system of simplified spelling and are prepared to take the consequences.
11. *Do not explain too much.* It is seldom advisable to tell all. Be sparing, for instance, in the use of adverbs after "he said," "she replied," and the like.
12. *Do not construct awkward adverbs.* Nobody says tangledly and not many people say tiredly. Do not dress words up by adding -ly to them, as though putting a hat on a horse.
13. *Make sure the reader knows who is speaking.* Dialogue is a total loss unless you indicate who the speaker is. Obscurity is an imposition on the reader.
14. *Avoid fancy words.* Avoid the elaborate, the pretentious, the coy, and the cute. Do not be tempted by a 20-dollar word when there is a 10-center handy.
15. *Do not use dialect unless your ear is good.* And if you use dialect, be consistent. The reader will become impatient or confused upon finding two or more versions of the same word or expression.
16. *Be clear.* Although there is no substitute for merit in writing, clarity comes closest to being one.
17. *Do not inject opinion unless there is a good reason for its being there.* Opinions scattered indiscriminately about leave the mark of egotism on a work.
18. *Use figures of speech sparingly.* Similes coming in rapid fire, for example, one right on top of another, are more distracting than illuminating. Readers need time to catch their breath. They can't be expected to compare everything with something else.
19. *Do not take shortcuts at the cost of clarity.* There are all sorts of rhetorical stratagems and devices that attract writers who hope to be pithy, but most of them are simply bothersome. The longest way round is usually the shortest way home.
20. *Avoid foreign languages.* Some writers, from sheer exuberance or a desire to show off, sprinkle their work liberally with foreign expressions, with no regard for the reader's comfort. It is a bad habit.
21. *Prefer the standard to the offbeat.* The young writer will be drawn at every turn toward eccentricities in language. They will hear the beat of new vocabularies, the exciting rhythms of special segments of their society, each speaking a language of its own. All of us come under the spell of these unsettling drums. The problem for beginners is to listen to them, learn the words, feel the vibrations, and not be carried away.

—William Strunk Jr. & E.B. White

THE POWER OF THREE

Here's a little copywriting trick I learned long ago: After you've made a claim—such as “Skippy is the best peanut butter in the world”—support it with three consecutive paragraphs of proof.

In this case, the proof might look something like this:

In a test conducted by Buyer Trends last year, Skippy was rated as the top-scoring peanut butter in every single category: aroma, appearance, texture, and taste. When compared to other popular brands, such as Jif and Peter Pan, it rated between two and five points higher in each of these categories. Jeff Goodman, reporting for Buyer Trends, said, “When it comes to the pleasure of eating, Skippy rules.”

A scientific analysis conducted by WebNutrition.com found that Skippy had the highest ratio of protein to fat of all the major brands. Patrick Dunney, president of the National Health Institute, said that Skippy was “far and away” the best product from a health point of view.

I used to be a Jif fan myself. But last Thursday, for the first time, I tried Skippy on a slice of whole wheat toast—and I was blown away by how good it is!

Put your strongest proof at the top, and devote the most ink to it. The next paragraph should be about half the length of the first. And the third should be half the length of the second.

You should vary, if you can, the type of proof you provide. In the example above, the first paragraph presents a taste test by an established and trusted consumer service. The second paragraph presents proof that the product is nutritionally superior. And the third paragraph is a personal testimonial.

The first paragraph—your best proof—makes the prospect sit back and take the claim seriously. The second paragraph adds something to the equation. It makes him feel that the claim is not thin—that it has deep and substantial evidence to support it. The third paragraph doesn't have to be very long at all, because by that time the prospect is nearly sold. If you did spend a lot of time on it, you would bore him and risk losing his interest.

I've used this technique at least a thousand times in all sorts of sales presentations, and have always found it to be effective. (By the way, it also works very well with editorial pieces.)

I call it the Rule of Three—but it's not the only copywriting trick that is based on threes. A well-structured sales letter, for example, has three parts.

As I explain in my book *The Architecture of Persuasion*, the classic direct-marketing promotion can be nicely divided into the lead, the body, and the close—each with its own objectives and subsequent rules. The purpose

of the lead is to excite and engage the prospect's heart. The purpose of the body is to provide proof of all claims and therefore satisfy his doubting mind. And the close is meant to convince him that your offer is a great value, making it easy for him to make the purchase.

And yet another copywriting trick is called the Three-Legged Stool. This one is about the three elements that all good marketing copy must have: Idea, Proof, and Benefit.

The first leg of the stool—the idea—is (in most cases) your unique selling proposition, the thing you've chosen to highlight in the sales presentation because you feel it will make the strongest impression on your prospect.

Benefit, the second leg of the stool, has to do with what the product will do to improve the prospect's life. Beginning copywriters talk too much about the product and its features. Experienced copywriters know that the prospect cares only about himself and how the product will help him.

And proof, the third leg of the stool, refers to the importance of supporting every claim you make. The more proof you provide, the easier it is for the prospect to trust what you are telling him.

What is it about the number three that makes it work in so many ways in marketing copy? I don't know—but I find it interesting that it's an important number everywhere in our world.

There are three phases of life (youth, maturity, and old age), three aspects of time (past, present, and future), and three primary colors (red, blue, and yellow).

Religion is full of threes: the Christian Trinity (the Father, the Son, and the Holy Ghost)... the Hindu Trinity (Brahma, Vishnu, and Shiva)... and the Buddhist Trinity (Amitabha and his two Bodhisattvas). There are three major branches of Judaism (orthodox, conservative, and reformed). And Muhammad taught a three-fold approach to God ("the *shariah* is my words, the *tariqa* is my actions, and the *haqiqa* is my interior states").

The triangle and the tripod are two of science's most basic tools. Three dimensions are the basis of artistic perspective. And literature is replete with threes: e.g., King Lear's three daughters, Macbeth's three witches, and the three musketeers.

Yes, there is something powerful about the number three.

—Mark Morgan Ford



CHAPTER IX

THE COMPANY LINGO



THE LANGUAGE OF AGORA'S CENTRAL SYSTEMS

One of the most confusing parts of starting a new job is learning the company lingo. At Agora, we use a specialized vocabulary to conduct business efficiently. This will probably make your life a little more difficult in the beginning. However, once you know it, it will make communicating a lot easier.

Following, is a glossary of marketing terms—terms we use every day. But first, I want to introduce you to the language of Advantage, Agora's central system.

Advantage manages customer data and transactions. It is made up of modules that provide specific fulfillment functions. The modules are identified by 3-letter acronyms.

1. **Accounts Receivable for Publishers (ARP):** ARP is a whole lot more than receivables. It is where all monetary transactions are recorded. ARP is a true accounting system where all orders are invoices and payments are credits. Any order can become a "bill me" and the collection of the unpaid debt could occur at order or over time on a predefined schedule. ARP also manages electronic payments, including credit cards and direct debit (also known as electronic funds transfer or EFT).
2. **Bookclub (BCL):** BCL is a continuity module. Continuity modules are similar to "book of the month" clubs. Agora uses BCL in a slightly different way to manage the auto-ship customers of our nutritional supplement companies. BCL allows supplements to ship to the customer with a predetermined frequency and quantity.
3. **Conference and Event Management (CEM):** CEM allows us to manage conferences with multiple locations, inventory, tracks, sessions, and variable rate structures.
4. **Circulation (CIR):** Most Agora subscriptions are managed by this module. CIR manages customer subscriptions based on contracts and issues purchased.
5. **Campaign (CPN):** CPN allows marketers to set up simple and complex promotions. These promotions can have elements of products across multiple modules and various pricing schemes. CPN can control the flexibility of customer service during order processing. And, finally, CPN can drive actions based on rules that allow the shipment of products as well as inclusion on eletter lists.
6. **Customer Service (CUS):** This is where all customer service inquiries and actions are performed. Within CUS, there are dedicated areas for logging customer calls, emails, and letters.
7. **Inventory (INV):** INV manages backorders, reships, and substitutions, all essential to product fulfillment.

8. **Products (PRO):** Products are a different animal than subscriptions. We sell products by quantity instead of by term. The Bookclub (BCL) module generates PRO orders when it is time to fulfill the customer. PRO also relies on another INV module.
9. **Standing Order (STO):** STO is a special continuity module, similar to Bookclub. It is used when the subscriber signs on for an upcoming series of shipments that are not predefined. For example, STO is used in affiliate business-to-business operations that manage the fulfillment of loose-leaf services. These services allow the customer to subscribe to a series of billed or prepaid updates.
10. **Telesales (TEL):** The predefined lists created by TEL help telesales agents contact targeted customers. TEL can customize how calls are handled as well as recording customer interactions for quality and legal controls.

—Daryl Berver

A GLOSSARY OF MARKETING TERMS

A

Actions	Refers to operations within a systems screen. Examples include: add, inquire, change, and copy.
Acquisition	The channel or method through which a customer is obtained.
Affiliate	A subsidiary, partner, marketing affiliate, or friend of Agora Inc.
Affiliate Marketing	A revenue sharing arrangement between online advertisers and online publishers, where compensation is based on performance measures, such as sales, clicks, registrations, or a hybrid model.
Alert	A weekly email sent to subscribers. May also be referred to as an update or weekly.
Auto-renew	The automatic billing option for a subscription.
Average Sale	The average dollar amount spent per order. Total revenue divided by paid subscriptions. Also known as average cart value.
Average Term	The average subscription length per order (usually in years).

B

Back-end Product	A high-priced product sold to existing front-end customers.
Banner Ad	A graphical Web-advertising unit. Usually measures 468 pixels wide by 60 pixels tall.
Bookalog	A book-shaped print format containing all the components of a regular direct-mail piece.
Bounced Email	Email that is undeliverable and returned to sender. Can result from soft bounces, temporary failures (as when an email inbox is full), hard bounces, or permanent failures (from bad email addresses).
Breakeven	In a marketing campaign, the point when revenue equals expenses.

C

Campaign Code	A code that identifies an affiliate mailing. The first letter signifies the type of mailing, the next few identify the affiliate, and the affiliate chooses the rest.
Click-through	Describes what happens when a person who sees an online ad clicks on a link that takes him to a website where he can get more information or order the product.
Confirmation Message	Generally a short message that confirms a new subscription.
Content	The written material and images that make up a piece of copy.
Control	The most effective promotion for a particular product to date—used as the benchmark when comparing the effectiveness of a new promotion.
Conversion Rate	The percentage of prospects or customers that take a desired action—e.g., to make a purchase after visiting a website or to renew a subscription.
CPM	Cost per thousand impressions. This is the way online advertising rates are usually described. It refers to the number of times an ad is displayed on a Web page.
Cross-sell	Recommending related products or services to a customer who is in the process of making a purchase.
Customer Overview	A quick view of a customer's account in Advantage, including PRO and CIR transactions.
Customer Portrait	A quick view of a customer's history, including upsells and notes.

D

Dedicated Email	A standalone email devoted to selling one product or service. This is often how the bulk of email advertising revenue is generated.
Direct Marketing	The process of delivering advertising directly to a targeted group of prospective customers.
Direct Response	Advertising that asks prospects to take an immediate action—to place an order, for example, or request more information about a particular product.

E

Editorial Mention	Positive written comments about a product that are made, free of charge, because the writer feels the product has value for his readers.
Eletter	An electronic newsletter delivered via email.
Evergreen	Promotional or editorial content that is relevant indefinitely.

F

Finder File	A database that can be used to access customer information and track customer transactions.
Front-end product	A lower-priced product intended to generate as many new customers as possible.
Fulfillment	The process of supplying the products and services that have been purchased by customers.

G

Gauntlet Series	A series of emails welcoming new subscribers. Often includes "best of" editorial content and offers for popular products.
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I

Impression	A single instance of an online advertisement being displayed.
Insert	A separate promotion included with a mailed or emailed newsletter.
Issue	An individual newsletter sent to subscribers.

J

Joint Venture	A short-term partnership--an arrangement whereby two or more businesses pool their resources for a specific purpose.
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L

Lead Generation	Marketing to attract future sales prospects, as opposed to immediate sales.
Lift Note	A short note, signed by someone other than the writer of the main sales letter, that's designed to boost ("lift") response to the offer.
Lifetime Value	The total revenue expected from a customer for the entire time that they have a relationship with the business.
List	A compilation of names and addresses that is used to send direct mail promotions to prospective customers.
List Broker	A specialist who arranges for direct mail companies to rent each other's lists. The broker's services may include list selection and the evaluation of results.
List Maintenance	Changing, adding, or deleting data to keep the list up-to-date.
List Manager	The person who oversees the use of a company's lists. He may promote and market the list to other companies, maintain the list, and collect list usage fees.
List Rental	An arrangement between a file owner and a mailer where a one-time promotion is allowed by the file owner for a fee.
List Selection	The process of selecting a mailing list for a particular promotion based on specific criteria.

M

Mail Quantity	The file size remaining after a merge/purge is complete. In online marketing, also refers to impressions purchased.
Mailhouse	A company that handles the mechanical details of a mailing--addressing, imprinting, collating, etc.
Margin	The gross profit on sales. Calculated by subtracting the cost of goods sold from gross revenue.
Merge/Purge	The process of combining two or more mailing lists in order to eliminate duplicates and ensure that each name is mailed only once.
Message Central	Ecommerce mailing system used to send out emails to customers.

N

Net Revenue	Paid revenue minus cancellations and minus the cost of the promotion. It can be a profit or loss.
Nixie	An undeliverable, misaddressed, or illegibly addressed piece of promotional mail.

O

Offer	The description of the product or service being sold, including price, refund policy, and any associated premiums.
Offer Code	Designation used in Advantage to group together the components of an offer.
Open Rate	A measure of the number of recipients who open a promotional email compared to the number of emails delivered.
OPIUM	The acronym for the system used to make online order forms, Online Promotions in Under a Minute.

P

Package	Another way to refer to a sales letter, usually one with several elements.
Paid Revenue	Income from all sources, including check, cash, and credit card.
Pay Per Click (PPC)	Online advertising based on the amount of qualifying click-through traffic it generates.
Premium	A free report or product that the customer receives when they buy a product or subscription.
Promise	A statement in a promotion that tells the prospect what the product or service will do for him.
Promotion Code	A letter and number string assigned to a marketing effort to indicate the specifics of the offer.
Prospect	A potential buyer for a product or service who has yet to make a purchase.

Pub Code	In Advantage, a three letter code assigned to a CIR circulation item, such as a newsletter.
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R

Reactivation	A promotion focused on getting former customers to purchase again.
Renewal	A promotion focused on getting former customers to subscribe to a service for an extended term.
Response Rate	The number of responses received as a percentage of the total number of promotions mailed.
ROI	Return on Investment. In direct marketing, it refers to the total revenue generated by a promotion as compared to the total cost of the promotion.
Rollout	Mailing to an entire or larger portion of a list after successfully testing a smaller portion.

S

Search Engine Optimization (SEO)	The process of designing a website to attract visitors by using targeted keyword phrases.
Seed	A test name inserted into a mailing list to track how the list is being used.
Select	Segment of a list marketers use to target a particular portion of a file.
Source Code	A code used to track the source of names generated by a particular promotion.
Special Renewals	Promotions to existing subscribers for additional years of service sent at opportunistic times, such as when there is notable investing gain.
Split Test	This is when a control package and an alternative package are sent to two (or more) subsets of the same list to test the effectiveness of a specific element. The element being tested could be the price, the format, or the offer.
Suppression List	Names that must be excluded from a mailing list in order to comply with the CAN-SPAM Act of 2003. The suppressed names are those that have unsubscribed or opted out of receiving mail from the sender.
Sweep	An Agora-specific term--the process where new paid names entered into the database are added to additional eletter lists, based on set parameters.
Syndicated Content	Already published content that is re-purposed and used by additional sources with a link to the original publisher.

T

Teaser	A line or two of promotional copy aimed at piquing the recipient's interest so he will open and read the entire promotion.
Term	Indicates the duration of a subscription in years. A new subscriber is in term one and, after first renewal, term two.

U

Unsubscribe Rate	The percentage of subscribers who opt out of continuing to receive a newsletter within a given timeframe (usually one month).
Upsell	An effort to sell a customer a higher-priced version of the product or service than they originally bought or intended to buy.

W

Whitelist	A list of senders that an Internet user will accept email from.
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X

X-code	See Source Code.
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RECOMMENDED READING FOR BOOK ONE

- *Automatic Wealth for Grad—and Anyone Else Just Starting Out* by Mark Morgan Ford (Michael Masterson)
- *Copy Logic! The New Science of Producing Breakthrough Copy (Without Criticism)* by Mark Morgan Ford (Michael Masterson) and Mike Palmer
- *Making the Most of Your Time* by Mark Morgan Ford
- *On Writing Well: The Classic Guide to Writing Nonfiction* by William Zinsser
- *On Writing: A Memoir of the Craft* by Stephen King
- *Persuasion* by Mark Morgan Ford
- *The 7 Habits of Highly Effective People: Powerful Lessons in Personal Change* by Stephen R. Covey
- *The Architecture of Persuasion* by Mark Morgan Ford (Michael Masterson)
- *The Chicago Manual of Style*
- *The Elements of Style* by William Strunk Jr. and E.B. White
- *The New York Times Manual of Style*
- *The Pledge: Your Master Plan for an Abundant Life* by Mark Morgan Ford (Michael Masterson)
- *Welcome to Agora* (Video) by Bill Bonner
- *What Is Agora?* (Video) by Mark Morgan Ford
- *Writing That Works: How to Communicate Effectively in Business* by Kenneth Roman and Joel Raphaelson
- *Yes! 50 Scientifically Proven Ways to Be Persuasive* by Noah Goldstein and Robert Cialdini



BOOK TWO

WRITING STRATEGIES FOR EDITORS & COPYWRITERS



CHAPTER I

BREAKTHROUGH IDEAS



— Snapshot in Time —

Friday, September 26, 2008

Deep Wondering

Where we seemed to make the most dramatic progress in reviewing copy was when we were in small groups, with at least two senior copywriters. The newer writers proposed leads, angles, hooks, and headlines. The senior writers deflected them... beat them down... or bounced them back and forth between themselves. Occasionally, one would get a thoughtful look on his face and say...

"I'm wondering if this makes any sense..."

Often, that would take the discussion to a whole new level... more emotionally charged... more interesting... more engaging. Sometimes, it would lead to a restructuring or re-thinking of the product itself.

The hardest thing for copywriters, writers, marketers, and publishers to do is to think about something in a new way. Usually, the first thoughts stick. The writers work on a project... but they are generally just doing different iterations of their first thoughts. They need to be encouraged to put away those first thoughts and try to think about it differently. That's where the real breakthroughs seem to come from—deep wondering.

Another risk of the "first thoughts" is that they end up being very similar to some other copywriter's last thoughts. When we had the group propose headlines, for example, they all sounded very familiar.

This sameness is probably not such a problem in new markets, such as India or Spain. There, our copy techniques are all new, even the old ones. But in the U.S. and Britain, old-sounding copy suggests old ideas. No one wants to pay for old ideas. They want new ideas.

How do you get new ideas? You have to go beyond the newspaper headlines and beyond the "first thought" reactions. You have to do some deep wondering...

Which leads me to another subject.

As I write this, the financial news is alarming. Major institutions are being shaken up. Investors are losing fortunes. The government is intervening as never before.

This may be a terrible time for investors. But it's God's gift to copywriters.

"The End of the World as We Have Known It"

"Wall Street Stabs Investors in the Back"

"Three Biggest Idiots in America Make a Mess of the World Economy... but guarantee you the greatest profit opportunity of all time!"

You get the idea.

Still, it's not as easy as it seems. The mainstream press has headlines that seem similar.

So what's a copywriter to do?

Deep wondering...

"I wonder what this really means..." he has to ask himself. And then he has to explore... to think... to wonder what is really going on.

That's our business, after all—wondering what lies at the margins of mainstream thought... wondering how the pieces fit together... wondering what it will mean to our readers.

The customers pay us to wonder.

—*Bill Bonner*

HOW TO COME UP WITH A BIG IDEA

I have learned many valuable lessons from decades of partnership with Agora's legendary founder and marketing genius, Bill Bonner. None is more important than the "big idea."

In my father's time, this concept was best understood by David Ogilvy, one of the most successful commercial advertising men who ever lived.

In our time, that position is held by Bill. He's widely recognized as the man who brought the big idea into consumer direct marketing and sold more than a billion dollars' worth of publications by doing so. I know. I saw him do it.

I want to share Bill's secret with you here.

I won't be able to show you everything about it and exactly how to execute it. But I will tell you why and how his concept of the big idea is unique, powerful, and profitable.

It may be the best direct-marketing technique of them all.

When I started consulting with Agora in the early 1990s, I came equipped with half a dozen theories about direct marketing that I had used to start a bunch of successful businesses.

We applied some of these to the Agora product line, and did very well. But when I worked directly with Bill, I discovered an entirely new way to create blockbuster promotions.

I had never heard of the big idea. But when Bill told me about it, I went directly to Ogilvy's book, *Ogilvy on Advertising*, and studied it from cover to cover. I remember being particularly struck by the following:

You will never win fame and fortune unless you invent big ideas. It takes a big idea to attract the attention of consumers and get them to buy your product. Unless your advertising contains a big idea, it will pass like a ship in the night.

Big ideas come from the unconscious. This is true in art, in science, and in advertising. But your unconscious has to be well informed, or your idea will be irrelevant. Stuff your conscious mind with information, then unhook your rational thought process.

Ogilvy also explains how to recognize the big ideas of others. Just ask yourself these five questions:

1. Did it make me gasp when I first saw it?

2. Do I wish I had thought of it myself?
3. Is it unique?
4. Does it fit the strategy to perfection?
5. Could it be used for 30 years?

The first package that came over my desk at Agora was a prime example of a big idea promotion. It was written by Lee Euler for a newsletter called *Strategic Investing*. The copy was formatted as a "bookalog" (a direct-mail format, new at the time, that looks like a paperback book) and titled "Plague of the Black Debt." It was a huge success.

It opened with this:

You don't have to be a conservative, a liberal, or anything at all to understand that America is about to be flattened by a tidal wave...

That's right, folks. Now that Clinton's budget bill has passed—and if his economic projections are on target—we're going to add \$1 trillion to the federal debt in the next four years. That's more than George Bush added in his four years. And it's almost as much as Reagan added in eight years.

It doesn't matter whether you prefer my figures or Bill Clinton's. We're merely talking about different shades of disaster. When you're dead, you're dead. There aren't some people who are "more dead" than others.

This wasn't the first big idea package Agora had mailed. The very first promotion Bill wrote for *International Living* was based on a big idea. It was the "control package" for almost 20 years. Thirty million pieces must have been mailed. (If Bill had gotten two cents per piece—standard for copywriters—he would have made \$600,000 in royalties!)

The big idea of the *International Living* package was presented this way:

You look out your window, past your gardener, who is busily pruning the lemon, cherry, and fig trees... amidst the splendor of gardenias, hibiscus, and hollyhocks.

The sky is clear blue. The sea is a deeper blue, sparkling with sunlight.

A gentle breeze comes drifting in from the ocean, clean and refreshing, as your maid brings you breakfast in bed.

For a moment, you think you have died and gone to heaven.

But this paradise is real. And affordable. In fact, it costs only half as much to live this dream lifestyle... as it would to stay in your own home!

I was eager to learn how to write big idea promotions myself. But it wasn't easy. My first few attempts fell flat.

Bill's protégé at the time was John Forde, a bright young man with a classical education. John was very helpful in getting me closer to mastering the big idea.

Writing about it some years later in his *Copywriter's Roundtable* eletter, John had this to say about the big idea:

Think about it.

When you have a "great" conversation... read a "great" book... or see a "great" documentary... what grabs you? Is it the litany of small details? Or the golden thread that unites them?

More often, for most of us, it's the latter.

And the more you "get" the core idea behind a story, a speech, a revelation... the more memorable that one core message becomes.

This is just as true in sales copy.

One message, well developed, just has more impact than ads—short or long—that are overloaded with competing ideas.

When I finally figured out how to apply David Ogilvy's concept of the big idea to direct marketing, I was able to teach it to Agora's young marketing bucks. One of them, Porter Stansberry, soon wrote one of the biggest big idea packages in Agora's history.

His big idea, in a nutshell, was that the Internet was going to have as big an impact on the 21st century as the railroad had had on the 20th century. Here's how he expressed it in his lead:

Imagine yourself wearing a top hat and tails, on the balcony of a private rail car, the wind whistling past as you sip the finest French champagne...

It's 1850; the railroad is growing like a vine towards the west. And, although you don't know it yet, the same rail that you are riding on today will soon more than triple your wealth, making you and your family into one of the great American dynasties...

America's economic history is illuminated by such stories of quick fortunes made by daring entrepreneurs with new technologies—railroads, motorcars, and more recently, computers. I've spent nearly my entire professional life studying exactly how great entrepreneurs made their fortunes—both in the past and today. What I've learned contradicts what most people believe about wealth building—and explains why 95% of mutual fund managers can't beat the market's average return...

I'm writing to you today to show you what I've found. This year, four out of the six stocks I've picked for a well-known investment club have more than doubled the S&P 500's return for all of last year. Meanwhile the other stocks are poised to earn more than my first recommendations combined by the end of this year. I'll show you exactly how I did it. But for now, flash back again—it's 1908...

You're an urban banker in Detroit, living a life of country clubs and summer ballroom parties...

Throughout its history, Agora has published hundreds of big idea packages. And they have been a big part of the company's growth—from an \$8 million business when I started working with them to one with revenues in excess of \$300 million today.

The big idea is now widely known and talked about. But most direct-response marketers who attempt to use this technique fail miserably because they don't really understand how to do it.

Recently, Bill and I met with the writers from one of Agora's financial advisory divisions. They presented us with a number of leads that they thought contained big ideas. In almost every case, they were wrong. One of these leads predicted that China and the USA were going to be battling it out over the dollar, and this was going to have a major effect on investing in the next 10 or 15 years.

"Well, that's not really a big idea," Bill said.

They all looked at us wide-eyed. "How could that not be a big idea?" the writer of the lead said. "Our two economies combined dwarf most of the rest of the world. If we get into a major fight with one another, it will affect every investment everywhere."

"That's a big concept," I chimed in. "But it's not a big idea."

"Isn't that just semantics?" someone else asked. "Big idea, big concept. Don't they both mean the same thing?"

The answer was no. A big and definite no. But try as we did, we were not able to get them to understand exactly what we meant by a big idea.

Obviously, there was a gulf between our understanding of this important technique and the definition that was being given to this third generation of copywriters who were producing the promotions Agora was relying on.

So I set to work writing this—an attempt to explain, in the clearest terms, just what the big idea is and what it isn't.

Let's start with a definition that borrows from Ogilvy:

A big idea is an idea that is instantly comprehended as important, exciting, and beneficial. It also leads to an inevitable conclusion, a conclusion that makes it easy to sell your product. Furthermore, it is an idea that will continue to be important and exciting for a long time.

That's a mouthful. So let's break it down.

A big idea is important.

By important, I mean important to the customer—not the copywriter—and relevant to the product being sold.

The devaluation of the dollar may be important to American investors, in general. But it won't be important to a customer who is being asked to buy a newsletter about a type of investment that won't be affected by the dollar's decline. The swine flu may be important to this same customer—but it cannot possibly be relevant in a sales letter that is selling investment advice.

A big idea is exciting.

You are not going to excite your customers by repeating the predictions or promises that the rest of the media is publishing. They have already been exposed to those ideas. To provoke real excitement, you need to go beyond the conventional. You need to find some new angle that makes your customers sit up and pay attention.

A big idea is beneficial.

The excitement created must benefit the customer. Put differently, it should make the customer want to buy the product being sold. Let's say you're selling grass-fed beef. You can get your customer excited by telling him about how quickly people in this country are becoming poor. But that kind of excitement will make him less—not more—likely to buy the expensive type of meat you're selling.

A big idea leads to an inevitable conclusion.

The big idea must contain some internal logic that is fundamentally simple. It must be easy to grasp and easy to see how the product you are selling solves a particular problem or delivers on a stated promise. The best big ideas tie into something that makes the product unique. As soon as the customer hears the idea, he begins to feel the need for the product, even before it is mentioned in the copy.

The best big ideas do all of that work with very few words. The sale is half-made in the headline or by the end of the first paragraph.

Let me give you three examples.

In this first example, the big idea is aimed at readers concerned with their health:

*How the French Live Longer Than Everyone Else...
Even though they eat like kings and smoke like chimneys!*

This headline offers to answer a riddle that has puzzled the reader for many years: why the French—who eat cheese, meat, and rich sauces—stay so thin. And another riddle the reader just discovered: why the French—who smoke like chimneys—outlive everyone else too!

Implicit here, is a promise that will appeal to almost anyone: You can eat like the French eat... lose weight... and live longer.

This next example is a big idea that would interest avid golfers:

Want to slash strokes from your game almost overnight?

Amazing Secret Discovered by One-Legged Golfer Adds 50 Yards to Your Drives, Eliminates Hooks and Slices... and Can Slash 10 Strokes From Your Game Almost Overnight!

The idea that there's a secret discovered by a one-legged golfer is exciting. It implies that if the reader has two legs, he'll have an even greater advantage. Plus, the promise that this secret could add 50 yards to his drives and slash up to 10 strokes from his game is both VERY important and beneficial.

The reader can't help but come to the conclusion that he *needs* this secret.

Finally, here's an example geared toward savvy investors:

Outlawed for 41 years, now legal again, this investment launched the largest family fortune the world has ever seen... and could return 665% in the next 12 months.

The big idea is that this secret investment was once illegal. It's exciting, because it's the same investment that launched the largest family fortune in history. What's more, once the reader learns what this investment is, he could stand to make a 665% return on his money in a year or less. That makes it important and beneficial.

The reader's inevitable conclusion: "I've got to read this and find out what this investment is," becomes the reader's inevitable conclusion.

Get it? A big idea is an idea that is instantly comprehended as *important*, *exciting*, and *beneficial*. It also leads to an *inevitable conclusion*—a conclusion that makes it easy to sell your product.

—Mark Morgan Ford

SIX PRINCIPLES OF STICKY IDEAS

A friend of a friend of ours is a frequent business traveler. Let's call him Dave. Dave was recently in Atlantic City for an important meeting with clients. Afterward, he had some time to kill before his flight, so he went to a local bar for a drink.

He'd just finished one drink when an attractive woman approached and asked if she could buy him another. He was surprised but flattered. Sure, he said. The woman walked to the bar and brought back two more drinks—one for her and one for him. He thanked her and took a sip. And that was the last thing he remembered.

Rather, that was the last thing he remembered until he woke up, disoriented, lying in a hotel bathtub, his body submerged in ice. He looked around frantically, trying to figure out where he was and how he got there. Then he spotted the note: DON'T MOVE. CALL 911.

A cellphone rested on a small table beside the bathtub. He picked it up and called 911, his fingers numb and clumsy from the ice. The operator seemed oddly familiar with his situation. She said, "Sir, I want you to reach behind you, slowly and carefully. Is there a tube protruding from your lower back?"

Anxious, he felt around behind him. Sure enough, there was a tube. The operator said, "Sir, don't panic, but one of your kidneys has been harvested. There's a ring of organ thieves operating in this city, and they got to you. Paramedics are on their way. Don't move until they arrive."

You've just read one of the most successful urban legends of recent times. The first clue is the classic urban-legend opening: "A friend of a friend..." Have you ever noticed that our friends' friends have much more interesting lives than our friends themselves?

You've probably heard the Kidney Heist tale before. There are hundreds of versions in circulation, and all of them share three elements: (1) the drugged drink, (2) the ice-filled bathtub, and (3) the kidney-theft punchline.

One version features a married man who receives the drugged drink from a prostitute he has invited to his room in Las Vegas. It's a morality play with kidneys.

Imagine that you closed this book right now, took an hour-long break, then called a friend and told the story, without rereading it. Chances are you could tell it almost perfectly. You might forget that the traveler was in Atlantic City for "an important meeting with clients"—who cares about that? But you'd remember all the important stuff.

The Kidney Heist is a story that sticks. We understand it, we remember it, and we can retell it later. And if we believe it's true, it might change our behavior permanently—at least in terms of accepting drinks from

attractive strangers.

Contrast the Kidney Heist story with this passage, drawn from a paper distributed by a nonprofit organization:

Comprehensive community building naturally lends itself to a return-on-investment rationale that can be modeled, drawing on existing practice, it begins, going on to argue that [a] factor constraining the flow of resources to CCIs is that funders must often resort to targeting or categorical requirements in grant making to ensure accountability.

Imagine that you closed this book right now and took an hour-long break. In fact, don't even take a break. Just call up a friend and retell that passage without rereading it. Good luck.

Is this a fair comparison—an urban legend to a cherry-picked bad passage from a nonprofit organization? Of course not. But here's where things get interesting: Think of our two examples as two poles on a spectrum of memorability. Which sounds closer to the communications you encounter at work? If you're like most people, your workplace gravitates toward the nonprofit pole as though it were the North Star.

Maybe this is perfectly natural. Some ideas are inherently interesting and some are inherently uninteresting. A gang of organ thieves—inherently interesting! Nonprofit financial strategy—inherently uninteresting! It's the nature versus nurture debate applied to ideas: Are ideas born interesting or made interesting?

Well, we're in the "nurture" camp. We believe that you can make ideas interesting. So let's talk about how to do it... how to make your ideas stick in your readers' minds.

There is no "formula" for a sticky idea—we don't want to overstate the case. But sticky ideas do have some common traits.

It's like discussing the attributes of a great basketball player. You can be pretty sure that any great player has some subset of traits like height, speed, agility, power, and court sense. But you don't need all of these traits in order to be great. Some great guards are five feet ten and scrawny. And having all the traits doesn't guarantee greatness. No doubt there are plenty of slow, clumsy seven-footers. It's clear, though, that if you're on the neighborhood court, choosing your team from among strangers, you should probably take a gamble on the seven-foot dude.

Ideas work in much the same way. One skill we can learn is the ability to spot ideas that have "natural talent," like the seven-foot stranger. But here's where our basketball analogy breaks down. In the world of ideas, we can genetically engineer our players. We can create ideas with an eye to maximizing their stickiness.

We analyzed hundreds of sticky ideas. And we saw, over and over, the same six principles at work.

Principle 1: Simplicity

How do we find the essential core of our ideas? We must be masters of exclusion. We must relentlessly prioritize.

Saying something short is not the mission—sound bites are not the ideal. Proverbs are the ideal.

We must create ideas that are both simple and profound. The Golden Rule is the ultimate model of simplicity: a one-sentence statement so profound that an individual could spend a lifetime learning to follow it.

Principle 2: Unexpectedness

How do we get our audience to pay attention to our ideas, and how do we maintain their interest when we need time to get the ideas across? We need to violate people's expectations. We need to be counterintuitive.

We can use surprise—an emotion whose function is to increase alertness and cause focus—to grab people's attention. But surprise doesn't last. For our idea to endure, we must generate interest and curiosity. How do you keep students engaged during the 48th history class of the year? We can engage people's curiosity over a long period of time by systematically "opening gaps" in their knowledge—and then filling those gaps.

Principle 3: Concreteness

How do we make our ideas clear? We must explain them in terms of human actions, in terms of sensory information. This is where so much business communication goes awry. Mission statements, synergies, strategies, visions—they are often ambiguous to the point of being meaningless. Naturally sticky ideas are full of concrete images—ice-filled bathtubs or Halloween apples with razors inside—because our brains are wired to remember concrete data.

In proverbs, abstract truths are often encoded in concrete language: "A bird in hand is worth two in the bush." Speaking concretely is the only way to ensure that our ideas will mean the same thing to everyone in our audience.

Principle 4: Credibility

How do we make people believe our ideas? When the former surgeon general C. Everett Koop talked about public-health issues, most people accepted his ideas without skepticism. But in most day-to-day situations we don't enjoy this authority. Sticky ideas have to carry their own credentials. We need ways to help people test our ideas for themselves—a "try before you buy" philosophy. When we're trying to build a case for something, most of us instinctively grasp for hard numbers. But in many cases this is exactly the wrong approach.

In the sole U.S. presidential debate in 1980 between Ronald Reagan and Jimmy Carter, Reagan could have cited innumerable statistics demonstrating the sluggishness of the economy. Instead, he asked a simple question that allowed voters to test it for themselves: "Before you vote, ask yourself if you are better off today than you were four years ago."

Principle 5: Emotions

How do we get people to care about our ideas? We make them feel something. Research shows that people are more likely to make a charitable gift to a single needy individual than to an entire impoverished region. We are wired to feel things for people, not for abstractions. Sometimes the hard part is finding the right emotion to harness.

For instance, it's difficult to get teenagers to quit smoking by instilling in them a fear of the consequences. But it's easier to get them to quit by tapping into their resentment of the duplicity of Big Tobacco.

Principle 6: Stories

How do we get people to act on our ideas? We tell stories. Firefighters naturally swap stories after every fire, and by doing so they multiply their experience. After years of hearing stories, they have a richer, more complete mental catalog of critical situations they might confront during a fire and the appropriate responses to those situations.

Research shows that mentally rehearsing a situation helps us perform better when we encounter that situation in the physical environment. Similarly, hearing stories acts as a kind of mental flight simulator, preparing us to respond more quickly and effectively.

Those are the six principles of successful ideas. To summarize, here's our checklist for creating a successful idea: Simple Unexpected Concrete Credentialed Emotional Stories. A clever observer will note that this can be compacted into the acronym **SUCCESS**.

PRINCIPLE 1	PRINCIPLE 2	PRINCIPLE 3	PRINCIPLE 4	PRINCIPLE 5	PRINCIPLE 6	S
SIMPLE	UNEXPECTED	CONCRETE	CREDIBLE	EMOTIONAL	STORIES	
Simply put, it's about sharing ideas. It's about presenting. (Don't forget the "low-fat airline" What's the core of your message? Can you communicate it with an analogy or high-contrast photo?)	To get attention, violate a schema. (The teacher who wears a skirt...) To hold attention, use sensory gaps. (What are Shiner's rings made of?) Before your thought can sink, your audience has to want it.	To be concrete, use sensory language. (Think Apple's "Silicon" from a recent picture of a man on the moon.) Remember the Velcro theory of memory: try to bank into multiple types of memory.	Identities get credibility from outside (and inside) or from within (being human) make situations specific. Let people "see before they buy" (What's the Real?)	People care about people, not numbers. (Remember Folka's Don't forget the WIFFY (What's In It For You).) The identity appeals can often "compel" interest. ("Don't know what team" applies to Rubin's identity.)	Stories drive action through emotional investment (what we do) and imagination (the "Thank you" story). Don't forget the "Thank you" story. Don't forget the "Thank you" story. Don't forget the "Thank you" story.	

This is sheer coincidence, of course.

We admit **SUCCESS** is a little corny. We could have changed "Simple" to "Core" and reordered a few letters. But, you have to admit, **CCUCES** is less memorable.

No special expertise is needed to apply these principles. There are no licensed stickologists. Moreover, many of the principles have a commonsense ring to them: Didn't most of us already have the intuition that we should "be simple" and "use stories"? It's not as though there's a powerful constituency for overcomplicated, lifeless prose.

But wait a minute. We claim that using these principles is easy. And most of them do seem relatively commonsensical. So why aren't we deluged with brilliantly designed sticky ideas? Why is our life filled with more process memos than proverbs?

Sadly, there is a villain in our story. The villain is a natural psychological tendency that consistently confounds our ability to create ideas using these principles. It's called the Curse of Knowledge.

Here's a brief introduction to the Curse of Knowledge concept...

In 1990, Elizabeth Newton earned a Ph.D. in psychology at Stanford by studying a simple game in which she assigned people to one of two roles: "tappers" or "listeners."

Tappers received a list of 25 well-known songs, such as "Happy Birthday to You" and "The Star-Spangled Banner." Each tapper was asked to pick a song and tap out the rhythm to a listener (by knocking on a table). The listener's job was to guess the song, based on the rhythm being tapped. (By the way, this experiment is fun to try at home if there's a good "listener" candidate nearby.)

The listener's job in this game is quite difficult. Over the course of Newton's experiment, 120 songs were tapped out. Listeners guessed only 2.5% of the songs: 3 out of 120.

But here's what made the result worthy of a dissertation in psychology.

Before the listeners guessed the name of the song, Newton asked the tappers to predict the odds that the listeners would guess correctly. They predicted that the odds were 50%.

The tappers got their message across one time in 40, but they thought they were getting their message across one time in two. Why?

When a tapper taps, she is hearing the song in her head. Go ahead and try it for yourself—tap out "The Star-Spangled Banner." It's impossible to avoid hearing the tune in your head. Meanwhile, the listeners can't hear that tune. All they can hear is a bunch of disconnected taps, like a kind of bizarre Morse Code.

In the experiment, tappers are flabbergasted by how hard the listeners seem to be working to pick up the tune. Isn't the song obvious? The tappers' expressions, when a listener guesses "Happy Birthday to You" for "The Star-Spangled Banner," are priceless: How could you be so stupid?

It's hard to be a tapper. The problem is that tappers have been given knowledge (the song title) that makes it impossible for them to imagine what it's like to lack that knowledge. When they're tapping, they can't imagine what it's like for the listeners to hear isolated taps rather than a song. This is the Curse of Knowledge.

Once we know something, we find it hard to imagine what it was like not to know it. Our knowledge has

"cursed" us. And it becomes difficult for us to share our knowledge with others, because we can't readily recreate our listeners' state of mind.

The tapper/listener experiment is reenacted every day across the world. The tappers and listeners are CEOs and frontline employees, teachers and students, politicians and voters, marketers and prospects, writers and readers. All of these groups rely on ongoing communication. But, like the tappers and listeners, they suffer from enormous information imbalances. When a CEO discusses "unlocking shareholder value," there is a tune playing in her head that the employees can't hear.

It's a hard problem to avoid—a CEO might have 30 years of daily immersion in the logic and conventions of business. Reversing the process is as impossible as un-ringing a bell. You can't unlearn what you already know.

There are, in fact, only two ways to beat the Curse of Knowledge reliably. The first is not to learn anything. The second is to take your ideas and transform them.

SUCCESS can teach you how to transform your ideas in order to beat the Curse of Knowledge. These six principles are your best weapons. They can be used as a kind of checklist.

Let's take the CEO who announces to her staff that they must strive to "maximize shareholder value." Is this idea simple? Yes, in the sense that it's short, but it lacks the useful simplicity of a proverb. Is it unexpected? No. Concrete? Not at all. Credible? Only in the sense that it's coming from the mouth of the CEO. Emotional? Um, no. A story? No.

Contrast the "maximize shareholder value" idea with John F. Kennedy's famous 1961 call to "put a man on the moon and return him safely by the end of the decade." Simple? Yes. Unexpected? Yes. Concrete? Amazingly so. Credible? The goal seemed like science fiction, but the source was credible. Emotional? Yes. A story? In miniature.

Had JFK been a CEO, he would have said, "Our mission is to become the international leader in the space industry through maximum team-centered innovation and strategically targeted aerospace initiatives."

Fortunately, he was more intuitive than a modern-day CEO. He knew that opaque, abstract missions don't captivate and inspire people. The moon mission was a classic case of a communicator's dodging the Curse of Knowledge. It was a brilliant and beautiful idea—a single idea that motivated the actions of millions of people for a decade.

—Chip and Dan Heath

Three Passions Every Product Innovator Should Have

To succeed as a product innovator, you should have **or** develop passionate feelings **about** three things.

- *First, you should love good ideas.* And it shouldn't matter a whit to you whether the idea is yours or someone else's. If it sounds like it can effect a big change, love it.
- *Second, you should hate sluggishness.* When working with new ideas, you should feel anxious about time passing. The moment a new idea surfaces, you should have a strong impulse to begin working on it right away. You should feel **anxious** if weeks **go** by and you hear nothing about it. You should get angry when you discover that someone has been letting it sit.
- *Third, you should enjoy the process.* Taking a new idea from concept to execution is often a long and laborious procedure. If you find it tedious, you may pull away from **the** action and leave too much to chance. Allow other people to do most of the work, but identify key decisions that you can participate in making. Set deadlines for making those decisions and keep them.

Teach your key people that when ideas are left in limbo, details are forgotten. Obstacles arise. Enthusiasm wanes. And, finally, the idea is forgotten **or**—worse—executed so weakly that it fails. The space of time that stands between the conception of **an idea and its execution is filled with the potential** for failure.

—Mark Morgan Ford

HOW TO REMOVE POTENTIAL OBJECTIONS TO YOUR PRODUCT

Time and time again, you are going to have to sell a product with built-in handicaps that—along with its promises and features—actually repel the prospect.

No product, of course, is perfect. If only for the reason he must pay money for what you have to sell, your prospect starts with a basic minimum of resistance against buying your product.

But this resistance is intensified by certain drawbacks in some products, often to the point where—unless you redefine them in your ad—these drawbacks will kill your sale.

Let us look three categories of drawback, and then at three types of redefinition that eliminate them.

- First, there is the product that is (or sounds) too complicated—too hard to use.
- Second, there is the product that is not important enough—whose appeal doesn't have a broad enough market.
- And third, there is the product that costs too much. Its price is so far above the price of other products in its class that people turn away when it's mentioned.

It's amazing how many products fall into one or all of these categories. Fortunately, the same mechanism—redefinition—helps you deal with all three. Redefinition is giving a new explanation for your product. It says that your product is this rather than that. Its objective is to remove a roadblock to your sale. If possible, before the prospect even knows it exists.

A classic case of redefinition is that of Lifebuoy soap in the 1930s. Lifebuoy did a good cleaning job. But it had one overwhelming drawback—a horrible medicinal odor.

Since the odor couldn't be removed without removing the cleaning power, the problem became one of redefinition. Put simply: How do we change this odor from a liability into an asset?

The answer was the famous B.O. campaign. The prospect's attention was focused on the odor of his own body—an odor which he was told would drive away people (and which does).

He was told this odor must be eradicated—not with an ordinary soap, which was not powerful enough to do the job—but with the odor destroying power to make a longshoreman acceptable at a society hall. Lifebuoy was this super-powerful soap. And the overwhelming proof—that you could smell the moment you opened the wrapper—was the strong medicinal odor built into every cake.

This is the simplest and most effective redefinition. A simple concept judo. A complete reversal. Turning a liability into an asset with a single idea. Wherever you can use this flip-flop method, do so. But most problems of redefinition demand more complicated means of dealing with them—using many devices from the process of gradualization.

Let us see how these devices can present an entirely different image of the product to the prospect than you would have imagined had you not thought them through beforehand.

I. Simplification

Our first category is the overcomplicated product—the product that sounds too hard. To see how to replace this image with a more favorable one, let's consider a "Television Repair Book" ad.

An original ad for this product failed because it promised "Do your own TV repairs" in its headline. This was considered too difficult by the average set owner (even though the ad said "It's easy, it's simple, it's quick" in the next paragraph).

Therefore—since the ad confronted the prospect with the fact that he would have to make repairs *before* it made those repairs easy and simple and quick—he turned the page and tuned the ad out.

A second ad did not discuss repairs. It discussed breakdowns and expenses. It spent its first several paragraphs showing these breakdowns and expenses did not have to occur at all, if the sets were given the proper care.

Up to this point, the ad has talked about the prospect's world—and compared it with a far more promising world where expert care produces trouble-free TV viewing. Now the two worlds must be joined through the product.

This joining is called by the pitchman "the turn." It is a transition of great delicacy. It must be accomplished without a jar. In this ad, it begins in this paragraph: "And most important, these experts have discovered you do not have to be a handyman or mechanic to coax this performance out of your set!"

Notice that there is no mention of the word "repair." It is too early at this point. Though the average owner might be willing to accept the idea that he could "coax" better performance out of his set, it would be too much to ask him to believe he could make repairs.

This leads to the final step. The ad must redefine what the owner thinks of when he hears the word "repairs." It must show that almost all repairs the owner will make are only minor external adjustments.

It proceeds to do this in the following paragraphs:

These TV experts have discovered that your TV set is a great deal like your body in this respect—it gives you warning signals before it has a major breakdown. For instance, after your set was installed it probably played perfectly for the first week. But then it began to suffer from the vibration, the jarring, the interference of other electrical appliances in your home. The picture might suddenly begin to flop over or flicker-lines may appear in your screen.

Now—and this is important—if you had the knowledge to quickly make a few minor adjustments, on the outside controls of your set, then you could correct those symptoms, you could keep that set playing perfectly, and you could prevent major breakdowns in exactly the same way they were prevented in these manufacturers' tests.

If you do not have this knowledge... if you do not make these adjustments, then your set will weaken, you will get a consistently bad picture, and you will have to call a repairman.

What occurs in these paragraphs is a redefinition of the term "repairs" in the owner's mind. This is done in three separate, but integrated, ways:

1. By immediately comparing the television set to the human body, and therefore minor maladjustments in the set to warning signals given off by the body before it becomes ill.

By making this comparison, the copy relates the intricate, technical workings of a television set to something as commonplace and familiar as the runny nose that warns you of an approaching cold. Because of this comparison, some of the mystery of the set is explained away. The owner gains a new feeling of confidence in dealing with it himself, as something he understands.

And, at the same time, this comparison distinguishes between the relatively rare major breakdowns and the far more frequent minor maladjustments, which he can now treat himself as easily as he'd take a cold tablet to stop his runny nose.

2. By continuously describing these minor maladjustments as "warning signals" and "symptoms" rather than "breakdowns" or "repairs." This makes them sound easily corrected—before real trouble, which might require technical skill and complicated tools.
3. And finally, by stating outright that these minor maladjustments can be corrected by "making a few minor adjustments on the outside controls of your set." Therefore, "repairs," are redefined as "adjustments." Troubles on the TV screen are redefined as "warning signals" or "symptoms." And "repair calls" or "breakdowns" are carefully segregated into the least-likely-to-occur 5% of all possible TV troubles.

Therefore, with redefinition in mind—this reorganization of facts accomplished by the copy—there is no longer any reason for the average set owner not to make his own minor adjustments rather than pay a repairman to make them for him.

The objective has been accomplished. The ad can go on to state how much money the owner will save by making these adjustments—and where he can buy the book that tells him how.

In the same way, whenever there is a process which is difficult... whenever there is a product or service which is hard to use or difficult to apply—the copywriter's first task is to simplify it in his prospect's mind.

This holds true for new inventions which simplify processes too difficult for the average prospect. A new breakthrough is not accepted because its manufacturer says so. Its claims for ease and simplicity must be proven or the prospect will shrug his shoulders and say, "It's just another copywriter gone wild."

Such a situation is one of the most frustrating experiences you can have. Here is a product which is far easier to use than anything ever introduced in this field before—you know because you've used it! But no matter how loud you scream EASY in your ads, people just seem to ignore you. What do you do? Redefine.

Remember, innovation without acceptance is valueless. The more people know something is difficult, and the more revolutionary (and different) your product is—the more resistance you will meet. You must, therefore, lay a base for acceptance by redefining the entire field for them before you bring in your product.

Let's look at one more example of such breakthrough advertising, and see the solutions the copy offered that made the service a success.

One of the great ads of all times is for Sherwin Cody's *Self-Correcting Course in English Language*. Though most advertising people are familiar with the ad ("Do You Make These Mistakes in English?"), they do not realize that the course itself was a tremendous departure for the times (1918)—far easier and simpler than anything else that had gone before.

But the prospects for such a course were convinced that good English was too hard for them. They had tried to learn it before and had failed. Therefore, any new course successfully sold to them would have to redefine English for them... redefine mistakes in English for them... and redefine the process of turning bad English into good English for them.

The Cody ad is a masterpiece of *gradualization*. It should be memorized—not merely studied—by every copywriter. However, within it, in four paragraphs, is contained another masterpiece of breakthrough redefinition—from hard to easy with a few simple ideas—that goes like this:

Nor is there very much to learn. In Mr. Cody's years of experimenting, he brought to light some highly astonishing facts about English.

For instance, statistics show that a list of 69 words (with their repetitions) make up more than half of all our speech and letter writing. Obviously, if we could learn to spell, use, and pronounce these words correctly, we would go far toward eliminating incorrect spelling and pronunciation.

Similarly, Mr. Cody proved that there were no more than one dozen fundamental principles of punctuation. If we mastered these principles, there would be no bugbear of punctuation to hamper us in our writing.

Finally he discovered that 25 typical errors in grammar constitute nine-tenths of our everyday mistakes. When one has learned how to avoid these 25 pitfalls, how readily one can obtain the facility of speech which denotes the person of breeding and education! When the study of English is made so simple, it becomes clear that progress can be made in a very short time. No more than 15 minutes a day is required...

Thus the complicated becomes simple—the hard becomes easy.

2. Escalation

Here you are dealing with a product which works, and is acknowledged to be easy enough to use—but simply does not have an appeal broad enough to assure it of a mass market.

Your job here is to escalate your product and give it more importance in your prospects' eyes.

You do this by redefinition. You broaden the horizon of benefits of the product. You redefine the role the product plays in the prospect's life. You widen the area of reward your product yields to the prospect—showing him it enters into dozens of vital situations every day, paying off where he might least expect it.

Let's look at another English course, 40 years after Sherwin Cody started selling his. People are not as sensitive to their punctuation or grammar. Now the negative aspect has lost its appeal. And thanks to the popularity of Dale Carnegie's *How to Win Friends and Influence People*, people want good English as a persuasion tool to win over other people.

So good English must cease to be an end in itself. It must be redefined, to become instead a means to a more important end—one which is desired by far more people. And, since the positive aspect must now be dominant, that part of good English which has the greatest value for persuading people—vocabulary—must now be featured.

Here is the way the ad starts:

Revolutionary new Word Power Machine makes you a master of English overnight.

Automatically gives you a power-packed vocabulary to make your ideas crackle with excitement... to hold others spellbound with the power of your speech and your written word.

Automatically spots embarrassing errors in grammar, spelling, pronunciation you didn't even know you were making. Clears them up at once. Frees your mind from worry... lets you feel at ease in any company... gives you the blazing new self-confidence you need to make anybody like you... to win people over irresistibly to your point of view...

This approach redefines the benefits of the product, shifting them from a less desirable area to one that will generate more sales appeal.

But this use of escalation—to increase benefit appeal—is only one of the ways it can serve you. Another is to increase the importance of the product—showing that something the prospect wants very much hinges directly upon the performance of your product.

For example, in an ad for spark plugs, this fact was pointed out to the reader:

Yes. You pay \$2,000... \$3,000... \$4,000 for your car. And a single 99¢ part robs you of the real power and enjoyment that car should give you.

Or here, in an advertisement for a speed math course:

If you want to get ahead fast... if you want a position of real importance and responsibility—then knowledge of this kind of super-fast, super-accurate mathematics is AN ABSOLUTE NECESSITY for your future!

Or escalation can be used to show the prospect that your product is not something to be put to work just once or twice a week—but that it will be needed, and used, by him almost every waking minute. Here's how this was done, in a single subhead, in an ad for a course on handling people:

Your Entire Life Is Spent Trying to Get Others to Do What You Want—Without Friction!

You must agree with this statement. And therefore you must redefine the importance to yourself of a technique which allows you to accomplish the all-pervading task more easily, effectively, and rapidly.

This is the second use of redefinition—escalation. Now let's look at the third.

3. Price Reduction

Here you have the product which, quite simply, costs too much. Your job is to make that price seem less. You do it by a very simple act of redefinition, like this:

Why does the service cost too much? *Because it's being compared with other products in the same field.* And how do you whittle away, psychologically, at this price? *By switching the comparison, and relating it to some other, more expensive standard.*

For example, here is an enormously successful mail order ad for spark plugs, which sold for \$1.49 each, or one and a half times the standard for the field and twice as much as the discount price. Did the copywriter therefore say, "They may cost a little more, but they're worth every cent of it"? Of course not. He made them cheap, and he did it in these two paragraphs of psychological redefinition:

Up to now these extraordinary SA FIRE INJECTORS were practically made by hand and would have to sell for as high as \$5 each. But we knew that 30 or 40 dollars was more than the average driver could afford—so we decided to get the price down so low that these injectors would pay for themselves 12 times in one year of driving. So here is my astonishing proposition. If you will check your car's performance before and after you install your SA Fire Injector System and then tell your friends and neighbors about them, here is what I am prepared to do for you.

You can have a set of SA FIRE INJECTORS for the year and model of your car for only a fraction of their value. If you act now they are only \$1.49 each...

Do you see how he does it? Do you see how many times he does it in these two short paragraphs? Let's list the individual phrases that build up, again and again, the feeling of value and bargain.

- "practically made by hand..."
- "would have to sell for as high as \$5 each..."
- "30 or 40 dollars..." (Notice that he repeats the hand-made price twice. First he gives it to you per plug, and then for the entire set. Thus the new comparative price is reinforced. You practically wince

at the \$40 figure since you want the plugs by this time. And you're going to feel pretty good when he brings in the now-lower figure in the next paragraph.)

- *"get the price down so low..."* (Here is the magic word, "low"—now legitimized in your eyes by the description of the hand-made set in the phrases that preceded it.)
- *"that these injectors would pay for themselves 12 times in one year of driving..."* (Not only value, but reward. Not only low-priced, but also gas-saving. And again, the comparison to a higher figure—this time the money you'll save on gas.)
- *"astounding proposition..."* (Now the price becomes so low that the mere statement of it may cause you surprise. It may sound slightly corny as we dissect it here, but it is incredibly effective in the context of the ad. And most of it—perhaps all of it—is never consciously noticed by the prospect. He simply feels a bargain is being offered to him.)
- *"If you will check your car's performance... and tell your friends and neighbors about them..."* (The introduction of a condition—an action you must perform—in order to get the now-low price. Substantiates the feeling of value.)
- *"prepared to do..."* (Again the connotation of favor, of allowance, of discount.)
- *"You can have..."* (Not, "You can buy." He is letting you have the plugs at the low price. Again, he is doing you a favor. You are getting a bargain.)
- *"only \$1.49 each..."* (The classic modifier. The tenth bargain-phrase in these two paragraphs.)

Notice how similar gradualization and redefinition are. Notice how each operates below the surface of the conscious mind. Gradualization by its structure—by its arrangement of facts and phrases. Redefinition by its rearrangement of perspective.

Each is an extremely subtle and powerful way of building belief.

—Gene Schwartz

HOW TO WRITE WELL: THE BIG IDEA AND CLARITY

I spend at least half of my time teaching writers how to write better.

Over the 30 odd years I've been doing this, I've developed many complicated theories about good writing. But now I use a brief, straightforward definition. And it applies to every sort of nonfiction writing that I can think of. It applies to writing books, magazine articles, and direct-mail sales letters. It applies to business correspondence, telemarketing scripts, and speeches. Here it is: *Good writing is good thinking expressed clearly.*

That's it.

When I say this to writers, I get incredulous looks. "How could it be that simple?" I can hear them thinking.

And then I explain. And re-explain. And eventually some of them get it. And when they do, their writing gets much, much better. And their income gets better too.

My income is based almost entirely on writing. And knowing this secret about good writing has given me a very rich life. It can do the same for you.

Let's go over that definition in detail. It has two parts:

Good writing is good thinking... expressed clearly.

By good thinking, I mean a "big idea" that makes the reader think, "Boy, that's interesting!" Or, "I never thought of that before!" Or, "I've got to remember this!"

Good thinking has nothing to do with correctness—neither political correctness nor any other kind. It doesn't matter if the proposition you are making is well reasoned or even factual. What does matter is that your writing engages your readers emotionally, and then motivates them to do or think what you want them to do or think.

I have a friend, a retired copywriter, who disagrees strongly with my view on this. He insists that good writing has more to do with reason than with emotion. It is through reason, he argues, that we persuade.

If you buy his argument, I say "Good luck to you." Most of the "rational" writers I know are writing academic and legal tomes that nobody reads.

Those who make millions from their writing are those who know how to touch their readers on an emotional

level. The rational mind is willing to listen to reason only after the emotional mind has said "Okay."

The complete writer, of course, knows how to do both. To discover big ideas that are emotionally compelling is the main thing. Buttrussing them with rational proof is important, but it comes second.

If you want to be a well-paid writer, you must be able to come up with good ideas. You must be able to recognize ideas that are emotionally compelling, that arrest and charge up your readers and make them think, "That's good! I never thought of that before."

And then you need to be able to support those ideas rationally by providing proof that they are "true." Truth, of course, comes in many shapes and sizes. And so does proof.

There is factual proof. There is anecdotal proof. And there is social proof.

- Factual proof is easy to come by if your idea has been well researched. Anyone with an Internet connection can find all the factual proof he needs on most any topic if he knows how to do online research.
- Anecdotal proof includes stories—factual and non-factual—that support an idea by "showing it" instead of "telling it." Anecdotal proof is very powerful, because it appeals immediately to the emotions. People are not critical when reading a story. Their purpose is to be entertained. This gives you, as the writer, a strong advantage.
- Social proof refers to the influence that other people have on our opinions and behavior. A good way to support your ideas with social proof is to use testimonials and expert endorsements.

So that's how you incorporate "good thinking" into your writing. Now let's talk about the second part of my definition of good writing: clarity of expression.

By that I mean the ease with which your readers can "get" your big idea. After all, if you have gone to the trouble of coming up with a really good idea, why would you want to hide it from them with obscure words and references?

The best tool I have found to help writers keep their language clear and uncomplicated is the Flesch-Kincaid Readability Test. The FK (as it is known) looks at the length of your sentences, how many syllables there are in each word, and other data. The result is a score that indicates how easy the text is to read. Our policy is to keep the FK under 7.5.

Let me give you an example. What follows is a paragraph by a seasoned financial writer. I had asked him for a brief summary of the big idea for his next essay. Here's what he sent me:

Simon Properties is making good on its promise to swallow up the minnows. It's buying mall owner Prime Properties for \$2.3 billion and not even using up all the cash it's been hoarding to take advantage of opportunities in the marketplace. Simon is big and flush with cash. And it's doing what big bad companies should be doing... beating up their little brothers, grabbing the best deals out there... getting bigger... and capturing market share from other companies.

I emailed back, telling him that I could see, by reading between the lines, that he had a good idea in his mind.

But he had failed to identify the core of it. He had failed to turn it into a big idea that he could base his essay on. Here's what I said:

You say that Simon Properties is a good buy because it is buying up smaller, cash-starved businesses. This is a sound proposition, but it's not a compelling idea. It's really just an assertion. To make it emotionally compelling, you have to make it both more universal and more unique. You have to find the idea behind your idea.

In short, you have to find something that would make your reader sit up and take notice. You have to give him an idea—preferably in a single phrase—that he could repeat that night at a dinner party, something that would launch an interesting discussion.

For example, you might have said, "There are companies—I call them bully companies—that outperform the market by three to one."

That is an engaging idea. The reader gets it immediately. He wants to know more.

But to make this work, you would need to prove to your reader that, in today's market, bullies are good investments. Only after you have done that will he be interested in your assertion about Simon Properties.

When, having asked for an idea, a writer sends me a paragraph rather than a sentence, I know—without even reading it—that he hasn't identified a truly compelling idea. And if that paragraph contains long, complex sentences, then I know he's off base.

By the way, there is a new science called Cognitive Fluency. Among other things, it studies the effect of simple language on readers. What researchers have found is that a simpler statement has more credibility than a more complex one—even if they both mean the same thing. It appears, the scientists say, that our brains are hardwired to trust simpler (and more familiar) things.

Since recognizing the two key components of good writing—a big idea and clarity of expression—I've insisted that all essays or promotions given to me for review have at the top of the page a one-sentence explanation of the main idea and the FK score.

If that one-sentence idea doesn't impress me, I send the piece back without reading it.

If the FK score is above 7.5, it gets rejected too.

This discipline has saved me lots of time and has accelerated the learning curve of every writer who has worked under my direction. I recommend it to you.

—Mark Morgan Ford

— Snapshot in Time —

Wednesday, October 20, 2010

Selling the Hell Out of Big Idea Promotions

I have a new idea that could mean much bigger sales for our best ideas.

It comes down to the Hunt theory on newsletter success...

In the newsletter business, one thing that separates the productive individual from the super-productive individual is that one focuses on a lot of "solid" ideas at any given time... while the other focuses on just two or three great big ideas.

I'd much rather see an analyst write a lot about two or three of his favorite big ideas than a little bit about each of his favorite eight ideas. There are many reasons the "focused" approach is better...

1. It's easier for readers to focus on just two or three ideas from one guy.

If you find a big theme or two worth following, your newsletter starts to read like a novel... and each month brings the next chapter in the story.

Most of our readers take a handful of different subscriptions from a handful of different publishers... so it's easy for them to forget an editor's name... and his publisher.

It's much easier for readers to remember *big ideas*. It's easier to identify an analyst as the "End of America" guy... or the "natural gas royalties" guy, instead of "Porter" or "Matt."

Hammering home a few great big ideas all of the time makes an editor easier to remember... and thus, easier to renew.

2. An editor who locks onto two or three great ideas is easier to sell.

If the copywriters know a guy is going to focus on just a few great ideas for a long time, they can write big idea copy that can be used for a long time.

For example, back in 2003, Mike Palmer knew Steve Sjuggerud liked gold coins... and that he would like them for a long time. Owning gold through the Secret Currency was a big, unusual idea that would last a long time. Mike's Secret Currency package has rung up something like 80,000 subscriptions over the past seven years. It has helped Steve Sjuggerud become one of the most widely read analysts in the world. And the package is still mailing.

3. It's easier to write about two or three great big ideas.

If you **have a great big idea**, you can find a thousand great stories about it... and lots of different angles to analyze the idea. This makes it easy to write fresh content.

For example, one of my favorite long-term investment trends is the growing energy consumption of **China and India**. You have about 3.5 billion people over there who consume much less energy per capita than the 300 million gas guzzlers in America.

China consumes 6 barrels of oil per day, per thousand people. India consumes about 2.5 barrels of oil per day, per thousand people. The U.S. on the other hand, consumes about 70 barrels of oil per day, per thousand people. "Chindia" has 10 times the population, and uses less than a tenth of the oil per person than we do. The potential demand over the coming decades is spectacular.

This is such a big idea with so many moving parts that issues, premiums, and eletters can feature a thousand different stories about oil, natural gas, coal, and uranium. You can interview a thousand different industry insiders... and you can research a thousand different companies. The potential content here is unlimited. It's much easier to develop content about this idea than, say, the semiconductor business.

That's the theory... now let's talk about the idea... HIT squads.

When we find a great investment trend that we believe will last for a long time... and then get effective copy to sell that idea, I'd like to form a Huge Idea Team ("HIT squad" sounds good) to sell the hell out of it.

For example...

One great big idea we've covered in the past few years is the increasing importance of natural gas to the global fuel supply.

It's a great investment story. But for a long time, the copywriters couldn't sell it. When we would say "natural gas," the copywriters would think "death." Our readers just didn't want to buy the idea. "Oil and gold are okay, but no natural gas," they'd say.

But as Stephen Moulis and Jarrod Feintuch have shown in the past few months, our readers will buy royalties. They'll buy income streams. They'll buy "A.O.P."

Their packages and videos are responsible for over 16,000 Resource Report sales in the past two months. It's an extraordinary amount of sales.

When we hit upon a big, marketable idea like this we will form a HIT squad, a small team that meets once per week to maximize the sales from it.

I'm thinking the HIT squad would include the copywriter who wrote the big package... the editor behind the big idea... a marketer to spearhead outside distribution of copy and editorial... a customer service or telesales rep who talks to our customers every day... a senior director... and anyone else who wants to sit in to see how big ideas are sold around here.

The HIT squad can meet each week to answer these questions: How can we maximize this red-hot idea? How can we get people into this great investment and sell a ton of subscriptions?

- The HIT squad could develop an essay series for an eletter.
- It could come up with 10 different bullets for the *Digest*.
- It could come up with video ideas. It could brainstorm syndication channels.
- Maybe there's a popular website that would like to feature our content.
- Maybe there's a new lead idea to slap on the big package.

Whatever the ideas may be, each HIT squad would have a leader who is responsible for and accountable for implementing them with lightning speed.

After all, big ideas are rare... and their life spans are unpredictable. When you get them, you have to pick up the ball and run like hell with them.

I think HIT squads are a way to make our organization more like the super-productive individual... a focused force on a small group of huge ideas.

—Brian Hunt

THE PRINCIPLE OF "ONE STEP REMOVED"

When developing new products, you don't want to make the mistake of investing time and money in something that is two or more steps away from what you know.

That's because your chances of success decrease geometrically with each step. Take one step, and you are fine. Two steps, and you are on thin ice. Three steps, and you are up to your neck in very cold water.

Let's say, for example, that you own a successful neighborhood restaurant called The Steak House. Your basic business is selling a certain kind of eating experience to the local community. Over a few drinks with friends, you come up with two new business ideas:

1. The first is to open a local restaurant called The Fish House.
2. The second is to go into the wholesale steak-selling business.

Both of these businesses have several elements that relate to what you are already doing. The Fish House is almost identical, except for one difference: You will be selling fish, not steak. All other key aspects—how you attract new customers, how you create a profit margin, and how you control your costs to deliver a bottom line—remain the same.

Starting a wholesale steak-selling business is about selling steaks. And that's what you do. But in this case, there are many differences. For one thing, the market is different. You are not selling to local diners but to regional businesses. This means the selling strategy is different, the profit margin is different, and so on.

Opening The Fish House is an example of starting a new business that is only one step removed from what you know. Opening a wholesale steak-selling business is three or four steps removed.

The first business has a good chance of succeeding. The only unknown: Will there be a big enough local market for a fish restaurant? The second business has a poor chance of succeeding. There are simply too many things you don't know about it.

It is possible, of course, to succeed with a product that is wildly different from one you're selling now. It's just highly unlikely. Successful executives at Agora take calculated risks... they act only when their calculations suggest they have a good chance of winning.

—Mark Morgan Ford

HOW TO GET IDEAS

When I need an idea, I go for a walk, a workout, or take a shower. Then answers flow freely. It's that simple. The end.

Just kidding, of course. There's much more to generating ideas, but the steps are simple.

Alas, you have to write the good ideas down quickly. Otherwise, like slippery little fishes, they can escape from your grasp, and the idea that was as good as gold is now gone like the wind.

Of course, generating ideas is not as easy as just stepping into the shower every time you have a creative block.

The hard work in idea generation is done long before this.

It starts with being an expert in the field, and that takes years of study. This is not what anyone wants to hear, but it's true. If you've ever done a presentation as an amateur (say, as a college student doing your first presentation on a given topic), you know how hard it is to find enough worthwhile things to say. But fast-forward five years later, after you've finished your studies and developed some work experience in that same field, and you'll find that you can now talk for hours—with ease—on that topic.

It's the same for generating ideas. The more you know, the more you've experienced, the easier it is to identify opportunities and solutions—to generate ideas.

The next step in generating good ideas is to communicate about your topic as much as you can. That means giving more presentations, explaining your current ideas to others, writing about what you know now, and coaching others in your areas of expertise.

I find that the more I do this, the more the new ideas come to me. You don't want to hold back and keep your current ideas to yourself, because it is only by sharing your ideas that this action will spawn new ideas.

As I deliver my presentations and film my videos, eventually I'll say something and realize, "Whoa! That actually makes sense. I need to write that down and share it."

(It's my version of one million monkeys typing on one million typewriters and eventually re-creating the works of Shakespeare. Although in my case it's just one silly monkey rambling and rambling and eventually stumbling across a coherent thought.)

Those are the major action steps you must take. First, become an expert. And second, communicate your ideas often to spawn new idea generation.

A corollary that will help is broad experience in your field. Try new things out. Talk to other experts in your field. Be curious. Learn as much as you can about how others are doing things in your niche.

As legendary adman Leo Burnett said, "Curiosity about life in all of its aspects, I think, is still the secret of great creative people."

Finally, to borrow the title of a book by Cal Newport, *Be So Good They Can't Ignore You* (or your ideas). Build your skills, become an expert, get a wide range of experience, and you should never lack for ideas.

Two Bonus Tips to Generate Even More Ideas Faster

First, identify your "Idea Magic Time" and "Idea Magic Activities." The funny thing about great ideas is that they rarely show up when you are trying to find them. Few brilliant ideas come while we toil away at our desks. Instead, they often arrive when we are far away from our desks—often absent recording devices, too.

But over time, you'll come to realize that your idea generation has a pattern. Perhaps it's while you walk your dog, go for a morning run, take a leisurely bath, meditate at dawn, or ruminate with a nightcap on your patio.

Research has shown, time and time again, that getting out of our regular work areas allows the brain to work in more creative ways. That's when ideas come. So keep an idea journal handy at all times.

And when you find your Idea Magic Time and Idea Magic Activities, foster and protect them as ruthlessly as you do your Productivity Magic Time (the time of day when you get more work done than at any other).

Second, "teach your subconscious to do the work," suggests Dan Kennedy. Give it "work orders" before you go to bed each night, and over time you'll be surprised that your brain will actually work in mysterious ways to generate ideas while you sleep.

Just make sure to have that idea journal handy at your bedside so that you can record your potential million-dollar breakthroughs when you wake up.

—Craig Ballantyne

TIPPING-POINT INNOVATIONS AREN'T NECESSARILY REVOLUTIONARY

In his business bestseller *The Tipping Point*, Malcolm Gladwell looked at the way new products sometimes "take over" the consumer marketplace. His particular interest was in what he called "tipping-point" innovations. Why is it, he wanted to know, that some products—such as Hush Puppies or Slinkys or iPods—suddenly become enormous trends?

The traditional view is that these are breakthroughs—completely new and different products that, for whatever reason, capture the imagination of a given market. Gladwell's research led him to a different conclusion: Trendsetting products are not revolutionary at all. Rather, they are variations on a growing theme.

Most of the biggest social trends of modern times, Gladwell contends, were not stark departures from the past but minor variations on ideas that were already in the collective consciousness:

Merely by manipulating the size of a group, we can dramatically improve its receptivity to new ideas. By tinkering with the presentation of information, we can significantly improve its stickiness. Simply by finding and reaching those few special people who hold so much social power, we can shape the course of social epidemics. In the end, Tipping Points are a reaffirmation of the potential for change and the power of intelligent action. Look at the world around you. It may seem like an immovable, implacable place. It is not. With the slightest push—in just the right place—it can be tipped.

The tipping point is a metaphor that describes this phenomenon. It refers to a common high school science experiment. A glass of water is filled to the brim with water. Then the teacher begins to add, one by one, droplets of water. What the students discover is that, contrary to their expectations, the additional droplets remain for a while on top, forming a mound of water that is actually higher than the rim of the glass. Drop by drop, the mound gets higher. And then, suddenly, one single extra drop causes the mound of water to collapse and run down the sides of the glass.

That is how trends work, Gladwell argues. In any given social context, many people share the same basic idea about some innovation that is needed. Spurred by that common notion of what should come next, individual innovators make changes. But most of these changes are absorbed into the culture without producing any significant reaction. They are, metaphorically, the additional droplets that form the mound.

These minor variations do not change the culture. However, they are noticed by other innovators who can see the trend (see, in effect, the mound forming). They recognize that, sooner or later, the weight of all these little innovations will have the necessary effect and there will be a sudden overflow of movement in the new direction.

Consumers aren't looking for brand-new products. They are looking for clever new adaptations of products they already know and love. When it comes to new, the human brain can take only a little bit of it. A good ratio is 80% of the old and 20% of the new.

I have to stop here and qualify Malcolm Gladwell's tipping-point idea. Of all the marketing ideas I have heard in recent years, this one has been the most useful to me. It has helped me understand, in a very clear way, why some seemingly great ideas worked so well and why some of them were shocking failures.

It makes such complete sense, because it corresponds to what every good marketer learns sooner or later: You can't dictate to the market. You must let the market tell you what to do. All of the very successful product launches I've been associated with were—I realize now—evolutionary, not revolutionary processes. And all of the big failures—the product launches that lost more than half a million dollars—were brand-new ideas that the market had, until that point, shown no interest in.

I will be eternally grateful to Malcolm Gladwell for giving me the idea of the tipping point. It was, evidently, a tipping-point idea in itself, because it changed him from being a well-liked but relatively little-known writer for *The New Yorker* to being a national bestselling author.

Now, having established my gratitude and respect for the tipping-point concept, I want to say that I don't believe it's only tipping-point products that make money. Plenty of very ordinary me-too products are profitably sold each year. In fact, I believe that most of the business revenues and profits that occur are spurred by these ordinary products.

That has certainly been true for the businesses I've been involved in. Whether it was newsletters, television sets, inexpensive jewelry, or Latin American real estate, the lion's share of the revenues these businesses earned came from mundane products.

But that doesn't mean you shouldn't worry about coming up with tipping-point innovations.

Let me explain.

Tipping-point innovations are much, much stronger than ordinary me-too products. They will bring you new readers at double or triple or quadruple the rate you could get by marketing ordinary things. You need tipping-point innovations to break into new markets or to revive your business when it is flagging. Tipping-point products are hard to come by, but they can grow your business by leaps and bounds.

Ordinary products won't start or save your business, but they can create millions and millions of dollars in profits for you.

—Mark Morgan Ford

THE SECRET TO BECOMING AN IDEA MACHINE

Let me warn you, if you really want to find out the only foolproof way to become the ultimate sales copy idea machine, it takes a lot of work.

However, let me surprise you by saying that it is also surprisingly attainable, if you adopt the following three secrets.

1. Read Lots and Lots of Books

It's not just what I do as a copywriter, but also what the "Gran-Daddy" of all copywriters did to find success. Yes, That's right...

Claude Hopkins was a voracious reader.

In fact, it was this habit that allowed him to create what is arguably the most lauded piece of copy history: the 1920s Pepsodent campaign which popularized the idea of brushing your teeth.

So how did Claude come up with a way to get people to adopt this daily activity? Well, before writing, he read lots and lots dental textbooks.

Hopkins sold Pepsodent by framing the idea of brushing your teeth as a health- and beauty-enhancing endeavor. Believe it or not, this was a novel idea. Most people at the time simply did not brush their teeth.

Disgusting? Yes... completely. But it gave Claude a whole lot to work with.

"In the middle of one book I found a reference to the mucin plaques on teeth, which I afterward called 'the film,'" said Claude in his autobiography. This "film" would become a crucial part of his sales copy.

In his Pepsodent ads, he told people to run their tongues across their teeth and feel their own film. He warned them that the film was a primary cause of stains and tooth decay. After scaring them with this, the ads provided them with a simple solution: to brush their teeth using Pepsodent and join the countless numbers of people who had beautiful, healthy teeth.

This ad campaign allowed Pepsodent to conquer the toothpaste market for a very long time.

Claude's habit of reading allowed him to mine the idea of mucin plaques. This, in turn, triggered a revolutionary and moneymaking copy idea. Remember, more often than not, creativity is born out of research for an interesting idea that already exists somewhere. And writer's block is usually just lazy research.

2. Become an Everyday Analyzer

"I invented nothing new," said Henry Ford. "I simply assembled the discoveries of other men behind whom were centuries of work."

What did Ford mean by this? He meant that the answers are all there and you simply need to find them through careful observation and study.

In other words, you need to increase your general perceptions by becoming an "everyday analyzer."

I encourage all copywriters and idea hunters to work on increasing their general perceptions. To not just look at things, but also to analyze and think about why things are the way they are.

One of the best ways to do this from a copy standpoint is to pay attention to what is working. Then to try and reverse-engineer the reasons why it's working.

For example, if you see that a type of guarantee, offer, or narrative technique is being used over and over again for different products... it's probably working very well.

So research as many different existing promos as possible. Think about why they work. Then discover ways that you can tweak those ideas into your own winning sales packages.

3. Write and Read Every Day

In order to become an excellent copywriter, you need to make the time to not just write copy every day but also to discover ideas.

James Altucher, a bestselling writer, has developed a strategy to ensure a constant flow of interesting ideas. He reads for at least two hours every day. And he follows this up by writing down at least 10 ideas every day. The ideas don't have to be great, but the work has to be consistent. Every single day.

Personally, I think two hours and 10 ideas are way too much. Therefore, I encourage all copywriters to read for at least one hour a day and to write down five ideas every day.

Now are all your ideas going to be off-the-bat amazing? Of course not.

The purpose of this strategy is to strengthen your idea muscle and to feed your brain with a healthy amount of print.

Hard—Not Impossible

Granted, finding the time to do all these things is going to be difficult. At first you are probably going to struggle to come up with ideas and find the time to read.

However, if you make the time to read lots of books, and do what is necessary to become an everyday analyzer, your idea muscle will become strong enough to come up with good new ideas on a daily basis.

When that day comes, you will realize that you have become an idea machine.

—Mike Palmer

SEVEN SECRETS FOR CREATIVE BRAINSTORMING (AND THE 24-HOUR RULE)

How do you come up with new product ideas? By brainstorming, of course. Here are seven secrets to help you master the process.

1. A quorum of three

You need a minimum of three people to brainstorm. Two works better than one, but three works much better than two. The problem with two is that you often find the discussion getting into a rut. You say one thing. Your brainstorming partner says something else. You repeat your position. She repeats hers. Eventually, the conversation stalls. With three people, this seldom happens. I'm not sure why exactly. It may be that the third person represents an audience. Even if only two people are talking, having someone there to listen forces you to be at your best, to work hard to present your ideas in their strongest form. Whatever the reason, I'm so convinced that three is better than two that I insist on three in any brainstorming session, even if the third person is not normally involved in brainstorming.

2. A maximum of eight

There is a limit to the number of people who can efficiently work together in a particular situation. For brainstorming, my preference is six, but I will tolerate eight if necessary. Keeping your brainstorming group small speeds up the process. And speed is an essential part of the innovative process. Better to brainstorm twice for an hour with two groups of six people than once for two hours with 12.

3. A limit of time

Brainstorming is like professional basketball. Nothing really important happens until the last five minutes. I have attended countless full-day and even two- or three-day creative sessions and have always felt that most of the time was spent fooling around. Yes, we did come up with good ideas in the end. But those good ideas, I always believed, could have been generated much more quickly if we'd had less time to do it. Parkinson's Law says that "work expands so as to fill the time available for its completion." My law is very similar: The length of time it takes to generate a good idea is equal to the length of time allowed minus 30 minutes. For me, a creative session should be one to three hours, never more.

4. Established goals

Don't be vague about what you want to accomplish. Be specific. This is a good rule for any sort of goal

setting, and it is very useful in brainstorming sessions. Determine beforehand the specific objective of the meeting—e.g., the number and/or type of ideas you're going for.

5. High standards

Your objective is to develop ideas that have a pretty good chance of working. To accomplish that goal, they must at least **feel like breakthroughs**. When ordinary ideas are put forward, keep pushing to make them better. Keep asking "How can we improve on that?" until you get good answers.

6. A code of equality

Creative sessions work best when everyone contributes. So make it clear that everyone who has been invited to participate is **there for the same reason**—to generate fresh ideas. Those ideas will come faster and be judged more fairly if everyone on the team feels like he has an equal right to be there.

7. Strict rules

It may seem **counterintuitive**, but the best way to encourage a free flow of ideas is to establish and maintain strict rules. In addition to limiting the time any one person is allowed to speak, I usually impose the following:

- **Specific suggestions only.** Nobody is allowed to speak in generalities or make general comments. They waste time, confuse people, and give rise to long-winded discussions.
- **No specific criticism.** When an idea is suggested, I will take a poll to see how many people in the group like it. But I don't allow any specific criticism of the idea, because that is distracting and counterproductive. Just tell me whether you like it or not and move on. We don't have time to hear why.
- **Be positive.** I try to say something positive about every idea that is contributed, even the weak ones. If an idea gets a mediocre reception, I ask "How could we make that better?" rather than "Here's what's wrong with that."
- **Encourage the meek and cut the windbags short.** To keep up a steady generation of ideas, you have to be willing to control the conversation. The moment someone begins to pontificate—and you will know the second that happens—derail his speech by asking a question. Encourage the wallflowers to speak by prodding them with questions and complimenting their answers.

Two Rules for Preserving the Inspiration of Genius

In addition to the rules listed above, I have two rules that I have begun to impose at product development meetings to prevent good ideas from going bad.

- **The entire brainstorming session must be tape-recorded.**
- **When a tipping-point idea is suggested, a short advertising piece that encapsulates it must be written within 24 hours.**

Let's say the group comes up with a brilliant idea for a new marketing campaign. Somebody in the group utters a phrase that seems to perfectly capture it. Everybody in attendance is excited about it. And one person, a copywriter, is charged with creating the advertisement that will embody it.

Normally, the completion of any sort of advertising promotion takes weeks or even months. But I always insist that the copywriter come back with something by the end of the following day.

I don't need to see the entire advertisement. I only need to see the headline and lead. But since the headline and lead are responsible for 80% of the impact of any sales effort, I am very happy to get them back quickly so I can compare them to my memory of the concept while that memory is still fresh.

And because I insist that brainstorming sessions are tape-recorded, I have an audio record to refer to, if I need to, of the conversation that led to our "Aha!" moment.

When it comes to getting brilliant innovations actualized, time is your enemy. Time fogs the memory, erases important details, and eventually dissolves all great ideas. The faster you can get a great idea out of the realm of the conceptual and into action, the better your chances of preserving its original brilliance.

—Mark Morgan Ford

SEVEN WAYS TO GET SMARTER ABOUT ANY SUBJECT

1. Find and read at least a year's back issues of the related trade or specialty magazines.

Every business, industry, occupation, vocation, hobby, and special interest—from cooking to computer programming, from ostrich farming to searching for lost gold mines, from long-haul truck driving to golfing, from writing to woodworking, from astrology to zoology—has, in most cases, several magazines all its own. In these magazines, experts write articles and are interviewed and profiled, how-to secrets are revealed, and advertisers promote their wares.

2. Answer a lot of ads you find in these magazines.

Let all those advertisers try to sell you their products and services. Soon, you'll be deluged with information. All coming to you, free.

3. Find the top experts, the most successful and most celebrated people in the field.

Such people have probably written books, recorded audiocassettes, led seminars, and may even be approachable just to talk with or visit. Seek out the best and the brightest and find out how you can turn their experience into your knowledge.

Some years back, I worked with a chiropractor who started his own practice immediately after school. First, he armed himself with a list he had painstakingly compiled of 50 of the most successful and respected chiropractors in the country. He then got in his car and drove across the country to each of their offices, asking if he could observe, take them to lunch or dinner, speak with the staff, and so on. Forty-nine of the 50 were gracious, generous, encouraging, and helpful. He arrived home with what he called "A Master Practice-Building Plan From the Masters of the Profession."

He had great confidence in this plan. He implemented it with enthusiasm and positive expectation. And he built a record-breaking practice in short order. If I were to start in a brand-new business today, I would follow his example.

4. Find the books written by "the OLD masters."

Just about every field has "old masters," whose works are hard to find or even out of print, who many ignore as no longer important. They're wrong. In the selling field, every salesperson should read books by Frank Bettger, Red Motley, Robert Trailins, to name a few, from the 1950s, the 1940s, and earlier if you can find them.

Robert Trailins's "old book," *Dynamic Selling*, published by Prentice-Hall a long time ago, which can be found only in libraries or used bookstores, offers better advice on crafting powerful appointment-getting presentations than any book, seminar, or course I'm aware of.

In direct-response advertising and copywriting, today's top pros constantly refer novices to the works of the "old masters," Robert Collier, Claude Hopkins, Victor Schwab, and others, dating back to the 1930s.

5. Join trade associations or clubs.

The "learning curve shortcuts" available through trade association membership and attending association conventions and workshops is remarkable. The opportunity to make dozens of important and beneficial contacts is even greater.

Most associations have taped archives from past years' conventions and workshops, so you can "attend" two, five, even 10 years of past events as if a time machine was at your disposal. Many national associations have state, regional, or city "chapters," with easily accessible meetings and seminars, usually at very modest cost. If you are interested in writing, for example, The National Writers Club has chapters in most states. If you are interested in speaking, the National Speakers Association has chapters in many cities.

6. Take a class, workshop, or seminar.

Community colleges are getting more progressive and competitive in their class offerings and their use of bona fide, real world experts as instructors. The Learning Annex, a seminar organization with operations in major cities, offers the most diverse assortment of classes I've ever seen—everything from how to start an import/export business to how to become a belly dancer.

Somewhere, there's somebody giving a class, workshop, or seminar on just about any subject you can imagine.

7. Do your homework.

The public library is the place to start. Most major city libraries have self-serve computer systems, so you can plug in any topic and find all the books, articles, and other resources related to it.

—Dan Kennedy

CHAPTER II

CORE COMPONENTS OF STRONG EDITORIAL



THE PERFECT NEWSLETTER EDITOR

Out of the thousands of editorial pieces the great Richard Russell wrote, "The Perfect Business" is the most popular one.

This is where Russell describes the 12 attributes of the perfect business to start, work for, or own.

I hand a copy of this essay to any young person trying to figure out what career path they should take. I think the more of Russell's attributes you achieve, the richer your life will be in wealth, free time, freedom, travel, and any other measure you can think of.

"The Perfect Business" essay is the idea behind the list below... a list I call "The Perfect Newsletter Editor."

I built this list from the experiences I've had during years of working in the investment advisory business.

I've seen newsletters from more angles than most. I was a newsletter junkie at age 21. I use newsletters to manage my own money. I've worked in customer service, wrote my own newsletter, managed an editorial team, worked on the industry's most successful free name acquisition campaign, and I'm friends with the industry's best editor, the industry's best publisher, and the industry's best copywriter.

Probably most importantly, though, this list comes from reading thousands of feedback emails our readers have sent us. You can learn more from your angriest customers than any other thing out there.

I've seen newsletters boom and I've seen them bust. Here's what I believe gets them closer to the former.

The Perfect Newsletter Editor...

...leads off every issue with an interesting story.

A story is the hook that gets people into your letter. Start in the action. It's how most people like to learn... and it's how *everyone* is entertained.

The story doesn't have to be some epic history... it can be the story of a phone call or a conversation. It can be your thoughts on the cocaine business.

If you're having trouble coming up with a story for your issue, it's because you haven't traveled enough, dug deep enough, or read enough. The best ones are usually, "I was there, I saw this." Or consider this lead sentence from Tom Dyson:

"The first thing I noticed about Walt James was his yellow eyeballs..."

...develops themes for his readers to follow.

A great newsletter has the feel of a novel. It has heroes and villains. Each issue is another chapter in the story.

This is one of the draws of *The Daily Reckoning*. Each day, Bill updates you on how his Great Financial Reckoning is playing out. His villains are economists and Wall Street. His heroes are free markets and free thinkers.

The Perfect Newsletter Editor has a series of welcome essays so folks can learn where he's coming from. They should detail how he sees the world, what he believes about investing, and the great investment themes he likes—clearly defined "future visions" the reader can follow along with.

An added bonus of themes: They make it easier to sell your letter. If an editor develops big, marketable themes, we can use different versions of the same package to sell a letter for years.

...is an expert on values.

We could also call this one "is a contrarian." History has shown the most consistently successful investors are contrarians... which leads them to great values.

Great investors do the opposite of the crowd. They buy as much stock as they can afford when everyone is scared. This is when you can find great values... like stocks were in 1982... or gold shares in 1999.

The Perfect Newsletter Editor knows great panics create great values... and he's able to convince readers to take advantage of them.

...has "add-ins" you can't find anywhere else.

Richard Russell developed a system for telling him when to be in the market. He called it the Primary Trend Index. He believes that system is smarter than he is when it comes to the stock market.

Kurt Wulff has the McDep ratio. It's one simple number that determines how cheap an oil company is. It's not perfect but it's a good place to start. John Doody has a ratio that tells him when to buy gold stocks. Porter has the "No Risk" portfolio. Doug Casey has the Seven Ps.

The reader may not care about your pick that month, but darn it, he needs your letter because it has that proprietary information. So... have an indicator... a system... a strategy that folks can only get by paying for your letter. Remind them it's there and reinforce your franchise with it.

...owns his letter's mistakes and shares its successes.

He says, "We got that one right" when a trade works out.

He says, "I got that one wrong" when a trade doesn't work out.

Include everyone when you've made a great trade or investment. Make your decision to buy stock ABC their decision to buy stock ABC (if it works out). It makes the reader feel smarter for buying your letter.

If you're wrong, the reader has lost money. Don't make him feel any worse by making him part of the decision. Practice writing "I got this wrong" and "We got that one right."

...is good at delivering bad news.

Stocks go up. Stocks go down. Some recommendations work out, some don't.

The Perfect Newsletter Editor does a great job of letting the reader know it's natural to have some losers on the way to wealth. You have to do this because the average reader forgets this daily. They want every recommendation to soar immediately. Manage their expectations.

The trading service editor has to remind readers that if losers are cut short and winners are held for big gains, you can make a fortune being right just 33% of the time. The long-term value editor has to remind readers that it's a marathon, not a sprint. He lays out the numbers and tells readers that tax advantaged compounding is the road to wealth. He reinforces his franchise so subscribers stick around to see what comes next.

When a recommendation goes against you, remind readers of these things, then quickly move on to something good.

...is an eternal optimist.

The Perfect Newsletter Editor is like any friend you enjoy hanging out with... someone who picks you up when you're down. Nobody likes to hang out with someone who's always complaining about how much debt, regulations, or wickedness there is in the world. They like to be around optimistic people who suggest new, happier ways to look at the world.

The Perfect Newsletter Editor doesn't dwell on the negatives of a crisis—he dwells on the opportunity it has created. That's not to say he isn't a critic... or that he's a cheerleader. You can be plenty critical and cynical. Just provide the reader with a way to save himself from the disaster. Better yet... provide him with a way to profit!

Even the great permabear Doug Casey tells folks that, after the "Greater Depression," things are going to be better than you can possibly imagine.

...writes short sentences and short paragraphs.

This is obvious. It makes writing much easier to read, but many editors don't do it. Don't be one of them.

Read Richard Russell every day for "how-to" inspiration. Never put a "policeman in an automobile" when a "cop in a car" will do. Read *On Writing*, by Stephen King. Take King's suggestions to heart.

Run your writing through Microsoft Word's readability statistics before you send it along. Shoot for zero passive sentences and an FK score no higher than 7.5.

...is "plugged into" his particular discipline.

If he writes an energy letter, he is constantly traveling to Alberta's oil sands, Texas, the Middle East, Russia, etc. He goes to trade shows and makes contacts. He's on the phone every week with industry insiders. He's writing about his personal experiences on these trips. He's creating reoccurring characters. He includes his personal experiences because it makes his letter more compelling and believable. He is the reader's conduit into this one particular world.

The newsletter industry is loaded with desk jockeys. Most of them write boring content. If you're not producing at least six "I was there" issue leads per product, per year, you're another also-ran who doesn't deliver the newsletter experience. People may read you, but you won't have folks standing outside their mailbox on issue day, ready to tear open the envelope.

This isn't important with trading services, but it's vitally important for front-end letters.

...increases his contact with the reader when times are tough.

When the reader's portfolio is soaring, he doesn't need to hear from you much. He wants to go sailing and golfing. When the crap hits the fan, however, he stays inside and watches his portfolio decline. He waits to read your solution. Your job is to hold his hand.

The Hall of Fame performance here is by Jeff Clark in late 2007. The credit crisis turned the stock market into a bubbling cauldron of losses. Jeff sent out as many as five updates per week. Some were just a few paragraphs. Some were several pages long.

We received loads of positive feedback from readers who appreciated the guidance. Those people are repeat buyers.

...writes premiums with the same commitment to quality as his monthly issues.

Premiums are your "handshake" with new subscribers. They walked through the door because of an idea presented in the marketing copy. They don't care about your letter or you yet... they just want to read more about the wild claim Mike Palmer made.

They're reading your premium with one eye on the refund. A weak report means they go ahead and ask for it... and they'll never come back.

You have one shot to impress a new reader... one who could spend thousands of dollars with you if he likes your franchise. So give 'em what they want: Picture, Promise, Proof, and Payoff.

...works with the copywriters to make sure the editorial delivers on the marketing promises.

See above about premiums. Manage expectations.

If a copywriter makes a claim that your editorial cannot deliver, have them change it. You'll only anger new readers and sport high refund rates by allowing ridiculous claims to be made.

Less experienced copywriters do this all the time. It's natural. They don't know what's outrageous and what's not because they don't know much about investing... and they're trained from day one to stretch the limits of reality. It's your job to teach them about your newsletter so they can market it properly.

...makes extraordinary claims when he's found an extraordinary investment.

The allure of reading newsletters isn't just great investment advice... it's world travel... contrarian viewpoints... wild personalities... and having a unique lens to see the world. We are in the business of "infotainment."

It's just plain fun to see an editor go out on a limb and make a big prediction. Not many forms of media do this. It sets the newsletter industry apart. Porter Stansberry is one of the best in the business at this. One of his greatest hits:

I've spent the last four years of my life working on the research I'm going to share with you today. It's fair to say that I've spent more time working on this project than any other research—and on any other stock—I've ever conducted. And I'm absolutely convinced: This is the single best opportunity I've ever found in my entire career as an equity analyst. I truly expect to make 21 times my money on this single stock. —PSIA, November 2004

The stock fell by two-thirds over the next year.

But... if you're an entertaining character, as Porter is, folks will still read your letter for what's coming next. Add personal details about yourself to create the character. Remember this exchange from Howard Stern's movie, *Private Parts*:

Researcher: *The average radio listener listens for 18 minutes. The average Howard Stern fan listens for—are you ready for this? An hour and 20 minutes.*

Howard's boss: *How can that be?*

Researcher: *Answer most commonly given? "I want to see what he'll say next."*

Howard's boss: *Okay, fine. But what about the people who hate Stern?*

Researcher: *Good point. The average Stern hater listens for two and a half hours a day.*

Howard's boss: *But... if they hate him, why do they listen?*

Researcher: *Most common answer? "I want to see what he'll say next."*

...treats each one of his holdings as if someone out there put way too much money into it... because for every single one of your holdings, someone has done this.

Did that stock you bought four years ago just fall 17% in one day? Someone out there is freaking out. They've lost \$25,000. Tell your readers what happened and what they should do.

We receive complaints when you don't comment on a position for several consecutive months. Don't forget your old friends. If you do, they'll forget you... and they'll cancel your letter.

...is ultra-specific with his recommendations.

Readers raise hell when they don't get specifics.

Your average reader shouldn't be left to his own imagination when it comes to entering a position. That's what they pay us for. They need buy up to prices... they need an expert to help them form their expectations. This paragraph came from a portfolio review in Dan Ferris's *Extreme Value*:

When I first recommended [Berkshire Hathaway] in July 2005, it was obviously worth at least \$150,000 a share. Today, I'd put its intrinsic value at a minimum of \$160,000. If you can get it at or below \$128,000, that's a 20% discount to intrinsic value. And the value is still growing. I'm raising my buy price on Berkshire Hathaway. BUY Berkshire Hathaway (NYSE: BRK-A) under \$128,000 per share.

That's specific! We know Dan did the work to know what the stock is worth.

We also need to be specific with our exit strategies. If you want the reader to hold the stock forever, tell 'em. If you think the trade could double in a few weeks, tell 'em. If it's "we'll use a 25% stop on the position," tell 'em.

Your average reader gets several exit strategies thrown at him each year, so explain why you're using that particular one. Stick to it. It's surprising how many newsletters editors react emotionally and want to change their exits. In 99% of cases, it makes you look bad.

...never blows up his readers.

This one mostly comes down to exit strategies. Always have one. Always stick to it. Otherwise, you're going to eventually produce a very painful loss that will affect readers for years. It's incredible how long our readers remember our worst losses... and they LOVE to bring them up in reader feedback.

Never average down. Never add to a losing position. Rick Rule or Warren Buffett may have the emotional strength, the money, the expertise, and the experience to buy more of a losing position, *but your average reader does not*. For every story about an investor buying more of a loser and having it work out, there are 1,000 stories of investors who added to losing positions and had their faces ripped off.

Your average reader puts way too much money into recommendations (despite The Perfect Newsletter Editor's urgings to keep positions small)... and many readers get killed when you ride a loss lower and lower.

They remember these losses for the rest of their lives. They end up hating you. They forget every single good thing you have ever done with your miserable life. And of course, they don't stick around your franchise.

...boils down complicated concepts to simple language.

He avoids too much industry lingo, and, instead, uses stories, metaphors, examples, and comparisons.

I think Steve Sjuggerud does this better than anyone in advisory history. There's genius running through *True Wealth* in how he writes to his target reader's level.

Instead of saying "the British pound is overvalued against the dollar on a purchasing power basis," Steve tells the reader that he just got back from England... where he had to pay \$60 for two hamburgers and two Cokes! This simple example lets the reader instantly realize the disparity between the two currencies.

Instead of telling readers that credit default swaps were cheap in 2007, Steve told them this: "It's like we're buying hurricane insurance in a place that hasn't seen a big storm in years—but is right in hurricane alley." Your average reader will never understand credit default swaps... but he can get on board with the hurricane insurance metaphor.

It's harder to write an easy-to-understand letter with simple examples and no jargon than it is to fill it with stuff like "enterprise value," "capital projects," and "polymetallic deposit." Go ahead and write those things, just explain what they are.

The Perfect Newsletter Editor assumes the reader knows nothing about what he's writing about. But he does such a great job that a sophisticated reader is impressed with the analysis.

...is prolific.

The Perfect Newsletter Editor writes a popular front-end letter, a popular back-end letter, and at least two letter essays per week.

Not much else to say on this one. If you produce a lot of content, we can sell more content. The popular front-end letter is the most valuable product to the business (and, therefore, to you), because it's the vehicle we use to bring in new paid readers.

...teaches the reader a bit of history.

People love old trader stories... they love knowing something others don't. When you can share personal experiences or historical knowledge of a subject, it makes for a great newsletter.

It's extraordinarily powerful when an editor can say, "This reminds me of the time when commodity ABC was doing this and this in 1996... we made a fortune back then. We're going to do it again this month."

This does two things: (1) It shows the reader you're an old hand at this stuff... that you can guide him through anything because you've seen (or know) everything. (2) It entertains and educates him.

Writing about oil pipelines? Tell 'em why the first transcontinental pipeline was built in the U.S. (Nazi subs were sinking tankers on their way from Texas to East Coast refineries.) Writing about an extreme in gold sentiment? Tell 'em about the time you traded gold under similar conditions and made a bundle.

Be the guy who knows the history. Be the guy who's lived through the ups and downs. It adds great detail and value to your letter.

...hits deadlines.

We all make stupid mistakes. We write billion when we mean million. We write CEO when we mean CFO. We forget to tell folks a stop loss was hit.

The beautiful part of deadlines is that the editorial staff has time to thoroughly go over copy to catch stupid mistakes. When you miss deadlines, the editorial staff rushes to get a product out the door on the day the reader expects it. And rushed editorial will always contain more errors than on-time editorial.

We can delay issues, of course, but we prefer to do what we told customers we'd do. So... in addition to mucking up our editorial machine and dragging the team down, missed deadlines increase the chances of you looking stupid in print.

The Perfect Newsletter Editor doesn't like looking stupid.

After all... he's perfect!

—*Brian Hunt*

HOW TO DEFINE “GOOD” NONFICTION WRITING

There is **nothing** good writers like to argue about more than what constitutes good writing.

In my 30+ years in the publishing business, I have taken part in my share of those arguments. Many of them were lively. Few, if any, were resolved.

Three people read Walt Whitman’s poem “I Sing the Body Electric.”

One person says it isn’t any good because the meter is awkward and it doesn’t rhyme. “I like only poetry that is regular and rhymes,” he says.

The second person says the poem is great because it evokes beautiful images. He quotes snippets: “The bodies of men and women engirth me.” And “Framers bare-armed framing a house.”

The third person says it’s “just okay.” What pleases him is what Ezra Pound called *melopoeia*—the emotional impact of the musicality of the language. “I got some of that from the poem,” he says. “But not enough.”

Such conversations are dead from the start because they don’t begin with an objective definition of “good” that everyone agrees on.

The ancient Greeks had similarly volatile discussions about what constitutes good drama.

They, too, had lots of strongly held opinions but no objective criteria on which to base their opinions. In 335 BC, Aristotle solved this problem with history’s greatest essay on literary theory: *The Poetics*.

Aristotle began by identifying six elements of Greek drama. Then, by looking at the plays commonly considered to be great, he put those six elements in order of importance:

1. plot (*mythos*)
2. character (*ethos*)
3. thought (*dianoia*)
4. diction (*lexis*)
5. melody (*melos*)
6. spectacle (*opsis*)

That didn’t end arguments about what makes great drama. But it did give intelligent critics a useful standard to guide their arguments.

In the world we work in—the world of nonfiction writing—no such groundbreaking literary theory exists. In

fact, we have very little good writing about good nonfiction writing at all.

I've been thinking about this for almost as long as I've been in the publishing business. What are the elements of good nonfiction writing? Which are the most important? And why?

I've read dozens of books on this subject, but I have yet to find a single one that arrived at an objective definition with the simplicity and power of Aristotle's.

Finally, it dawned on me: Why not just apply Aristotle's methodology? Why not look at a sample of the "best" nonfiction writing we have? And then identify the elements and characteristics they have in common? Because if we want to learn (and teach) how to write well, we must have an objective definition of what we mean by "good."

I started by asking the question: What do I mean by good? And I used Aristotle's answer: To be good, it has to be both popular and well thought of by educated people.

I then made a list of the 10 bestselling nonfiction books in fairly recent history:

- *Think and Grow Rich* (1937) by Napoleon Hill—70 million sold
- *The Common Sense Book of Baby and Child Care* (1946) by Benjamin Spock—50 million sold
- *A Message to Garcia* (1899) by Elbert Hubbard—40 million sold
- *You Can Heal Your Life* (1984) by Louise Hay—35 million sold
- *In His Steps: What Would Jesus Do?* (1896) by Charles Sheldon—30 million sold
- *The Purpose Driven Life* (2002) by Rick Warren—30 million sold
- *The Late Great Planet Earth* (1970) by Hal Lindsey—28 million sold
- *Who Moved My Cheese?* (1998) by Spencer Johnson—26 million sold
- *The Celestine Prophecy* (1993) by James Redfield—23 million sold
- *The Happy Hooker* (1971) by Xaviera Hollander—20 million sold

Few of these bestsellers won critical acclaim. So I made a second list—of the five bestsellers that were critically acclaimed:

1. *The Hitchhiker's Guide to the Galaxy* (1979) by Douglas Adams—14 million sold
2. *The Naked Ape* (1968) by Desmond Morris—12 million sold
3. *Man's Search for Meaning* (1946) by Viktor Frankl—12 million sold
4. *The Prophet* (1923) by Kahlil Gibran—11 million sold
5. *A Brief History of Time* (1988) by Stephen Hawking—10 million sold

My next step was to read these books and identify their common elements. This is what I came up with:

- Quality of expression (similar to Aristotle's *diction*)
- Quality of ideas (similar to Aristotle's *thought*)
- Sufficiency and persuasiveness of evidence
- Impact of the authorial voice

I'd like to believe that if you read these books from the same perspective you'd be comfortable with these four elements.

Following Aristotle's methodology, the next step would be to arrange them in order of importance. Had I done this 30 years ago—before I became a publisher—I might have put quality of expression and the impact of the authorial voice at the top of the list. But back then, my criteria were based solely on my own objective as a writer. As a writer, my objective was the appreciation (and, yes, praise) of other writers I admired. And they were masters of expression and authorial voice.

When I became a publisher, I realized praise from smart people was not my only objective. To keep my job (and keep my businesses growing), I had to identify and groom writers who could produce bestselling books, newsletters, and sales copy. The moment I adopted that perspective, it was apparent that quality of expression could not be at the top of the list. Based on a conversation I had with Bill Bonner, I knew it had to be quality of ideas.

Bill is a great writer. He is also the publisher of the most successful newsletter publishing empire in the world. We were talking about what was wrong with the writing we were seeing in our British publications. And Bill thought it might be a good idea to give our British writers several examples of good writing from our American publications.

It was easy to agree on which examples to use. They were from writers who were popular (i.e., their newsletters sold very well and easily). And they produced essays that we consistently admired.

"What is it about their work," I asked Bill, "that you admire?"

"I like their ideas," he said. "That is what excites me. Their ideas are thoughtful and clever and useful. When I read them, I do so with anticipation. I know I will acquire a new thought or perspective that will help me think about the subject."

"Well, that's it," I thought.

Soon thereafter, I began pestering our writers with my first crude definition of good nonfiction writing. "Good writing is the expression of good ideas," I preached. "If you can consistently conjure up exciting, useful, and believable ideas, you are, de facto, a good writer."

That definition served me well for several years. But I came to believe it was not enough.

Some of the fledgling writers I was working with were skillful in developing exciting and useful ideas. But their manner of expression was boring and confusing. It was impossible to find their good ideas unless you had the time and commitment to dig through the verbal junk that was surrounding them. These writers had the most important skill. But they were weak in presenting their ideas as clearly and briefly as possible.

So now I had my first two elements in order: quality of ideas and clarity of expression.

That left me with sufficiency and persuasiveness of evidence and the impact of the authorial voice.

I've been thinking about these elements for about a year now. Seeing how they factor into the writing of the most successful writers on my list. And my conclusion is that they each have about the same level of importance.

You can't be a good and successful writer without providing enough evidence to convince your readers that your ideas are correct. And you can get a lot of that work done by having authority and confidence in your voice.

Most good writers are better at doing one of these things, but the ideal writer would have it all: the research habits to provide plenty of proof, and the experience to write in a voice that is true and believable.

So now it is time for me to present my new and improved definition of good nonfiction writing:

Good writing is the clear expression of exciting and useful ideas supported by persuasive evidence and presented in an authentic voice.

How do you apply this to the essays you write and/or publish? Use these guidelines:

- Don't start writing until you come up with a single exciting and useful idea. You can do that sometimes simply by thinking about your own experience. Often, however, you must supplement your thinking by doing a great deal of reading.
- Once you have the idea, you have to spend days thinking about it to make sure it is as good as it seems. Many seemingly great ideas fade into mediocrity upon reflection.
- When you are sure that your idea is sound, you must gather lots of evidence to support it. That evidence can be factual, but it can also be anecdotal. If a picture can say a thousand words, a story can have the weight of a thousand facts.
- Finally, get rid of every paragraph, every sentence, and every word that is not essential to expressing and supporting your idea. If you do that, you will not only be a good writer. You may one day be a great writer... or at least write one great thing.

—Mark Morgan Ford

SEVEN ATTRIBUTES OF A GREAT HEALTH EDITOR

The biggest difference between financial and health newsletter editors is the core benefit they can offer to the reader. Both can offer hope. But financial editors promise a future of new... sometimes protected or restored... wealth. The health message is the promise of hope in the face of disease, of lost youth or beauty, of excess weight, or even of death.

In this way, the financial editor helps the reader toward positive investing gains, while the health editor helps the reader away from problems that have invaded an otherwise healthy life. With this core difference in mind, here are seven attributes that help distinguish a great health editor.

1. *Bedside Manner*

In financial, each reader has the mutual touchstone of the market. Regardless of how an individual reader's portfolio is performing, the editor can discuss whether the market as a whole, or a sector of it, is bullish or bearish.

In health, this is not the case. While many readers may share one illness, each reader experiences symptoms in a unique way. The reader is almost always focused inward... on himself and how to get better or live one more day.

For this reason, health editorial has to be that much more personal. And like a good doctor should, the editor must master a sincere bedside manner.

2. *Eternal Optimism*

A common refrain in financial is that "there's always a bull market somewhere." This implies that, regardless of how your portfolio is doing, there's a way to make money. The ability to communicate constant optimism is a sign of a good health editor, too.

The reader diagnosed with a serious illness lets it become the main thing she's thinking about. The reader also expects it to be the main thing other people in her circle are thinking about. The day is filled with bad news, and the bad news tends to keep coming.

However, the world of healing allows for different cures to work in different ways for different people. A good editor realizes that if one approach doesn't work, they can recommend another. ("Okay... that may not have worked with your diet and lifestyle. Let's try something else.")

3. Concrete Credentials

Among financial editors, a pristine pedigree... an Ivy League school, a Goldman Sachs trading tenure, an MBA, a decade at a hedge fund... all these things help. However, none of them matter as much as a stellar track record.

In health, there's no real corollary to track record. Concrete, recognizable authority is more important. The more credentialed, the better. Financial editors can be wacky. They can have fun rags to riches stories. But while a health editor should have personality, he has to be careful not to risk sounding like a quack. The health editor writes less about himself and more about illnesses and solutions.

4. Accepting No Mistakes

In financial, some mistakes are expected. Occasional losses are inevitable. Admitting defeats, explaining why they occurred, and promising future gains is a reasonable way to go.

In health, it makes less sense for the editor to be conceding mistakes. If he admits outright that he was wrong, the reader is mortified. Who else can he trust? It's an easy way for the editor to lose credibility and shatter hope. He has to find additional health solutions for his readers until he finds one that works.

5. Great Themes

Financial editors are often focused on one or two core themes for their letters. However, if the editor has charisma and a great track record, it may not be necessary.

In health, focusing on a single source of multiple problems—and on cures in that space—helps to set the letter apart as unique. Readers understand the editor's scientific basis and connect with the solution. They think, "Hey, maybe this does sound like something I could use to feel better."

6. Making Science Simple

Some of the most important health breakthroughs involve highly technical discovery processes. It's the health editor's job to describe them in simple terms.

7. Focusing on Fewer Villains

In financial, there is no shortage of villains. Trade between countries, government taxes and regulations, cutthroat competition between businesses... the list goes on and on.

In health, there seem to be many fewer villains. For the most part, the editor is stuck with disease, the FDA, and Big Pharma. It's not productive for him to badmouth mainstream doctors, because his readers still need them. And readers want both the editor and their physician to be on their side.

Being contrarian is important... but in content, not in attitude. The editor has to distinguish himself by offering solutions ordinary doctors don't have, and they must be interesting.

—Jenny Thompson

USING CLIFFHANGERS TO CREATE CONTINUITY

Do you know about the Soap Opera Sequence?

It's a clever writing strategy to increase open rates, build subscriber interest and loyalty, and ultimately increase sales. It is a technique that writers of successful TV soap operas have used for decades to keep their viewers coming back for more.

The concept is simple: Rather than having each sales piece stand on its own, you connect several of them to create an ongoing story that has continuing tension. Instead of ending each installment definitively, you introduce an idea that you then explain or elaborate on in the next one.

With the first installment, you might introduce a problem or make a promise. This should be strong—strong enough to get your reader's full interest. In the lead, you promise to solve the problem or fulfill the promise. And then you do your best to honor that promise by providing a good and useful idea.

That satisfies your reader's curiosity. He should be mildly grateful to you for giving him this idea. But you don't want to leave him totally satisfied because you want him to keep coming back. So after providing him with a single useful idea, you suggest some minor problem related to that and then promise to explain more about it in a subsequent installment.

In the second and subsequent installments, you do the same.

Soap opera writers do this by creating lots of subplots that end in "cliffhangers." A cliffhanger is when the episode ends with the hero hanging—usually figuratively—on a cliff. To find out if (and how) he survives, you must tune in to the next episode.

In editorial, you can do the same thing. All it takes is one big idea—big enough to mandate several essays on the same subject—and a number of questions or problems related to that idea. You present the big idea in the first essay. This should follow the Rule of One (one idea, one related story, one useful emotion, and one intended action). But before you complete the essay, you mention some problem or question that you promise to solve or answer in the next installment.

This strategy is perfectly suited for product launches and welcome gauntlets. Since you know beforehand the strengths and weaknesses of the idea you are selling, you can easily work the problems and questions into your copy as you go.

You will still be writing powerful and persuasive copy. But aside from the last one in the sequence, each one will be in some small way *incomplete*.

In constructing such sequences, ask yourself the following questions:

1. *What is the end result that your ideal reader wants to achieve?*
2. *What are the elements required for him to get to this end result?*
3. *What can you give him that will move him closer to the end result?*
4. *What is his core/biggest fear or fears that is preventing him from getting to the end result?*

The objective is to both satisfy the reader and also to make him eager for more.

—Mark Morgan Ford

HOW TO TEASE THE NEXT ISSUE OF YOUR NEWSLETTER

A good newsletter should read like a novel. It should weave themes together and leave little hints like "I'll tell you more about this idea in next month's issue"... or "I plan to tell you about another stock that benefits from this same theme. I'm finishing up my research on it right now"... or "Something interesting just happened in the world of XYZ. I'll tell you all about it next week."

Here's an example—an excellent tease for the next issue of *The 12% Letter*:

The July issue of The 12% Letter is due out next week. And we're set for an exciting new recommendation...

My research partner, Mike Barrett, and I have found a new pipeline MLP, or master limited partnership.

As an income investor, you're probably familiar with master limited partnerships (MLPs). They enjoy special tax advantages for getting 90% of their revenues from qualified sources. Most of these qualified sources are pipelines and other energy-related businesses. They don't pay corporate income taxes. And often, large portions of their dividends are classified as "return of capital." This can enable you to defer tax payments until you sell your MLP (but always consult a tax professional before you invest in one of these stocks).

And as a 12% Letter subscriber, you're probably already familiar with the intricacies of pipeline MLPs in particular...

Pipeline MLPs are at the heart of what we call the "American Industrial Renaissance" (or "AIR"). AIR is based upon enormous supplies of natural gas in North America that we have just tapped into thanks to new drilling technologies. These new natural gas finds have transformed the U.S. energy markets... and we've already profited from one of the largest pipeline companies in the U.S. and Canada: Williams Partners (NYSE: WPZ).

Our new recommendation is jumping off this trend... It pays an 8.2% dividend yield right now. That's an extremely high yield. And as I'll show you next week... it's still one of the safest, surest investments you'll find. Even better, its dividend payments will grow over the next several years.

This new pipeline MLP is one of a handful of the best pipeline stocks you can own today. And as we'll show you, it treats shareholders better than most pipeline stocks... and most MLPs of any kind.

Look for your next issue of The 12% Letter next Thursday.

Occasional teasers like this are a great thing. But we must not to overdo them... otherwise you come off as a little too theatrical. Moderately theatrical is what we are shooting for. Interesting "hints" of what is to come.

—Brian Hunt

— Snapshot in Time —

Friday, June 29, 2007

Use a Gauntlet Series to Introduce the Editor

The problem I see is that editors who have been at this a long time get tired of repeating themselves... they want to explore new ideas. They feel they have already stated the fundamentals and they do not need to revisit them.

However, with most emails we have only a 25% open rate and a large churn or turnover rate. So only a small percentage of people who are reading our eletters will remember anything said six months ago. And a year from now, we will have a completely different audience reading them.

That is why I have pushed so hard to have an introduction gauntlet series. At the beginning of a subscription, the gauntlet introduces the reader to the eletter editor over a series of contacts. It's designed to bring him into the conversation. This way, readers don't walk into the middle of the story, and the editor doesn't have to continue to repeat himself.

Once the relationship is established, editors should feel comfortable exploring new ideas. But when you have such high churn rates and such low open rates, you definitely need a gauntlet.

—Myles Norin

SHOW OFF WITHOUT BEING LABELED A SHOW-OFF

If you're like most people, when you know best, you want to tell the whole world about it. But even when you have the credentials to present yourself as a knowledgeable authority on a topic, there's a formidable dilemma to overcome.

In trying to convey your expertise to others, and in attempting to persuade them toward your point of view, you might come across as boastful and conceited. As a result, they may like you less, and possibly even be less inclined to follow your advice. With unabashed self-promotion out of the question, what's a genuine expert to do?

One option is to get someone else to speak on your behalf. This approach has been widely accepted by speakers, authors, performers, and other public communicators for years. Arranging for someone else to introduce your expertise and credentials to your audience will do wonders to convince them that they should listen to what you have to say, while also avoiding the damage that blatant self-promotion can cause.

Ideally, this person would be a "true believer" in your skills and knowledge and volunteer to tell everyone how smart you are in the hope that you'll make the world a better place. But your mother isn't always available. Instead, you can hire a representative to do the job.

But won't people completely discount the words of the representative, who is being paid to sing your praises? Not if they commit one of the common errors that people make, which social psychologists call the fundamental attribution error: When observing another person's behavior, we tend not to give sufficient weight to the role that situational factors (e.g., money) play in shaping that person's behavior.

In a set of studies conducted with lead researcher Jeffrey Pfeffer and two colleagues, we argued that people do not discount this information nearly as much they should, which means that paying an intermediary to tout your abilities should still be an effective form of persuasion.

In one of those studies, participants were asked to imagine themselves in the role of senior editor for a book publisher. In this role, they had the specific job of dealing with an experienced and successful author. They were asked to read excerpts from a negotiation for a sizeable book advance. One group read excerpts touting the author's accomplishments spoken by the author's agent, whereas a second read identical comments made by the author himself.

The data verified our hypothesis: Participants rated the author more favorably on nearly every dimension—especially likability—when the author's agent sang his praises as compared to when the author tooted his own horn.

This research confirms that having a skilled third party set up your initial presentation can be a very productive and worthwhile strategy for conveying your expertise in a particular area. In fact, where possible, that third party should also negotiate contract conditions and remuneration on your behalf.

We'd also recommend that when giving a presentation to people who don't know you very well, you should arrange for someone else to introduce you to your audience. And we recently had the opportunity to work with a real estate agency that used this approach to immediate and highly successful effect.

The agency concerned has both a sales and a rental division. Consequently, customers who called into the office would typically first speak with a receptionist who, having identified which department they needed to speak with, would say, "Oh, rentals, you need to speak to Judy," or, "You need the sales department... let me put you through to Sheldon."

In response to our recommendation that her coworkers should be introduced along with their credentials, the receptionist now tells inquiring customers not only which of her coworkers they should speak to, but also their expertise.

As a result, customers who want further information about rentals are now told, "Oh, rentals, you need to speak to Judy, who has over 15 years' experience renting properties in this neighborhood. Let me put you through now."

Similarly, customers who want more information about selling their property are now told, "I'm going to put you through to Sheldon, our head of sales. Sheldon has 20 years of experience selling properties. In fact, he recently sold a property very similar to yours."

There are four notable features of this change.

- First, everything the receptionist tells customers about her coworkers' experience is true. Judy does have 15 years' experience, Sheldon is one of their most successful real estate salespeople. But for Sheldon or Judy to tell the customers that themselves would be seen as boastful and self-promoting and, as a result, not nearly as persuasive.
- Second, it doesn't seem to matter that the introduction comes from someone who is clearly connected to Judy and Sheldon, who will obviously benefit from such an introduction.
- The third notable feature is how effective it is. Judy, Sheldon, and their colleagues report a significant rise in the number of appointments they are generating compared to when they hadn't been introduced.
- And finally, it is important to note that the intervention was, for the most part, costless to implement.

Everyone knew of the wide ranging expertise and experience in the office. Everyone, that is, except the most important people of all—the company's potential customers.

But what if it's impractical to have someone else sing your praises? Is there another subtle way of demonstrating that you are competent without saying so? Indeed there is.

For example, we were approached by a group of physician's assistants frustrated by their patients' noncompliance with important exercises the patients needed to perform to get healthier. No matter how hard they tried to convey the necessity and urgency of doing these exercises, the patients would rarely follow

their instructions. When we asked to see the examining room, one thing stuck out: There were no credentials whatsoever on the wall—or anywhere else, for that matter. After we advised them to put their credentials in places that their patients could see, the physician's assistants reported a huge difference in patient compliance.

The lesson?

Display your diplomas, certificates, and awards to those you want to persuade. You've earned those credentials, and, in turn, they'll help you earn your audience's trust.

—Robert Cialdini

— Snapshot in Time —

Friday, March 06, 2009

How to Write an Eletter

S&A Digest's secrets of eletter-writing success:

1. **Make it personal.** Send it from someone who is clearly identified as the idea leader of your franchise.

It drives me nuts to see how few publishers take the time to identify who is writing the daily eletter... and then make sure the writing is personal enough to make it real. Who it's from matters. It's hell trying to figure out what Bill has written in *The Daily Reckoning*. I eventually find it... but for a long time, it was hard. The same was true for the old ETR stuff.

Mark's new letter is so much better because you're told, right from the start, who is writing.

A good rule of thumb... put one personal anecdote in each day's letter. Just something to let your readers know you're a real person, writing to them on a real day in your life. The anecdote should either be exciting or self-deprecating. Like when I backed my car through my garage door...

2. **Make it romantic**—in the literary sense. The author is going to incredible places, is leading an exciting life...
3. **Make the writing great, not just good.** Use all the techniques Bill has taught us over the years—story leads, detail leads, action leads, etc.
4. **Invest the time and energy required.** There's no shortcut.

Improve your editorial product constantly. The readers of the *Digest* know I care deeply about the quality of our analysts' work. I don't shy away from publishing criticism of our products. I honestly rate our newsletter each year. Your readers will stay with you a lot longer if they trust you and if they believe you're trying hard. Fire the editors who can't perform. Hire new people. Upgrade your staff constantly.

—Porter Stansberry

THE IMPORTANCE OF EDITING

Behind every great piece of writing, there is a great editor.

T.S. Eliot's poem *The Waste Land* was improved immensely by Ezra Pound. Eliot was so impressed by what Pound did that he dedicated the poem to him.

Paris Trout (by Pete Dexter) and *A Bright and Shining Lie* (by Neil Sheehan) were jumbled manuscripts when they were delivered to Robert Loomis, the chief editor of Random House. He was instrumental in making them great.

Loomis edited the works of many Random House stars, including William Styron, Maya Angelou, Daniel Boorstin, and Calvin Trilling. He had a talent for bringing out the best in a book by challenging the ideas of its author. Loomis was so successful at his trade that Random House's salespeople could persuade stores to carry certain titles simply by telling them they were "Loomis" books.

When it comes to advertising copy, Agora publishers understand the value of editing. The process we put every piece of copy through has allowed our copywriters to compete with (and routinely outperform) many of the best known and most highly paid copywriters in the world.

But when it comes to editorial copy, some Agora publishers seem to believe it is less important. At least that is the conclusion Bill and I have come to. What we sometimes see are essays that appear never to have been edited at all.

It's not difficult to spot unedited copy. The telltale signs are clumsy sentences, cumbersome paragraphs, and mistakes in grammar, punctuation, and spelling.

What is most upsetting, though, is seeing essays that should never have been published at all.

I'm talking about essays that may be full of clever little sentiments, strong opinions, or seemingly relevant facts, but which fail to convey an interesting or useful thought.

Excuses can be made. Our schedules are heavy. Our writers are burdened with deadlines. Sometimes there is nothing in the news. Yet none of that pardons us. The publisher is responsible for producing good editorial. Consistently. The way to do that is to establish an effective editorial process.

The lack of stringent editing at Agora is due in part to our history. When I joined Agora in the early 1990s, most of our writers were independent investment gurus who owned their own publications. Agora's primary role was to market their newsletters, not to improve them. And most of the gurus we worked with didn't

believe their writing could be improved.

If you have a chance to read the newsletters we published back then, you will see that the quality of the writing varied greatly. Some of our writers (such as Doug Casey and Jim Davidson) took great care to edit their own writing. And they consistently published great issues. Others wrote their issues at the eleventh hour, and the writing was nearly unreadable.

Bill and I would write letters to these gurus, giving them suggestions for improving their copy. But our words fell on deaf ears. They were too ignorant or too lazy or too arrogant to take our advice.

The writers who didn't believe in editing are gone now. Their newsletters couldn't stay competitive over the years. One by one, they folded.

Agora's current crop of writers is competing at a higher level. Most of them understand the importance of editing. Still, some seem content to publish their essays in first-draft form.

That's the way I was when I began writing for *Early to Rise*. I had the notion that every thought that came into my head was a good one. I routinely published essays without allowing anyone to even look at them.

Then I had a conversation with Alex Green that changed my thinking. I told him how much I enjoyed his writing.

"You have a natural talent for clarity," I said. "And you always present interesting ideas."

"There's nothing natural about it," he said. He told me that he typically edited his copy three to four times before submitting it. And then he was happy if someone critiqued it.

I had an unsettling feeling that he was trying to tell me something about my own writing. And I never again published an essay without editing it at least twice.

How Much Editing Is Enough?

Ovid said you should never publish anything until you have edited it at least seven times over seven years. That is probably right if your intention is to write something that will last 2,000 years. But for our purposes—educating, inspiring, and motivating our readers—three edits done over three days should be enough.

Why three?

Because there are three distinctly different kinds of editing:

1. Copyediting—reviewing for mistakes in grammar, style, usage, and punctuation. Copyediting frees the material from blemishes that make it clumsy to read and difficult to understand.
2. Functional Editing—reviewing for mistakes in rhetoric and structure. Rhetorical mistakes involve logic, proof, and other persuasive techniques. Mistakes in structure involve coherency, consistency, unity, and redundancy. The goal of functional editing is to make the editorial argument solid and believable.

3. Value Editing—evaluating the fundamental idea of the piece. The purpose of value editing is to answer a simple question: Is the primary idea worth publishing?

You might compare the editing process to crafting jewelry. A good jeweler knows that he can maximize his profits by doing three things:

- Selecting the best gems he can afford.
- Cutting and polishing them to rid them of flaws.
- Setting them so as to show their best qualities.

Likewise, the publisher must allow only good ideas to be published. Those ideas must be presented logically and persuasively. And they must be free of any flaws that may distract the reader from appreciating them.

The First Pass: Editing for Value

Of the three kinds of editing, value editing is the most important. It needs to be done at the beginning of the editorial process. And it needs to be done by an experienced person who understands not only good writing but also marketing.

What some publishers do is have their writers submit their essays directly to junior people for copyediting. This is a mistake. The copyeditor does his best with the piece by focusing on the tools of his trade: grammar, punctuation, and style. But this does not improve the essay in any significant way.

The “finished” essay is then submitted to the publisher. What often happens is that a polite battle ensues between the writer and the publisher. Back and forth the copy goes, with little accomplished. The end result is time lost, nerves frayed, and copy that is not necessarily better.

This troublesome process can be easily remedied if we begin by having a senior editor value edit a first draft (or simply a lead).

Value editing is a three-step process. Here's how it's done...

Step 1. Determine whether the essay is worth publishing at all.

To be worthy of publication, an essay must be based on a worthy idea. We've talked volumes about the “big idea” at Agora. But a worthy idea doesn't always have to be big. It can be small.

I read such an idea today. The writer argued that investing in stocks is better than investing in real estate. Businesses, he pointed out, can continually change and produce profits. But the value of real estate is limited to the asset value of the property.

So let's not use the term “big idea”—at least for the purpose of value editing. Let's use the term worthy idea.

That raises the question: What is a worthy idea?

The answer, of course, depends. It depends on the intended readers.

In deciding whether a particular idea is worthy, the editor asks, "How much do our readers know and care about this subject?" Then he asks, "Will this idea feel exciting and useful to them? Will it make them glad that they are reading this? Will it entice them to take the action that the writer intends?"

As I said, all of this must be determined early in the editorial process. My suggestion is to ask the writer to submit not the entire essay at first, but only the first few hundred words. All good editorial writing presents the core idea in the first several hundred words. If the writer has a worthy idea, it should be there. If it isn't, chances are great that he doesn't have a worthy idea at all.

Step 2. Get rid of competing ideas.

The failure to present a worthy idea is the biggest and most common problem with first drafts. The second-biggest problem is moving away from the core idea by introducing other, unnecessary, ideas or facts.

Great essays almost always present the reader with a single worthy idea. The writer can (and should) introduce secondary ideas if they help explain or validate the main idea. But there should be no competing main ideas. Having more than one inevitably weakens the essay.

It is easy for the editor to root out competing ideas. He simply scans the essay with the Rule of One in mind.

The Rule of One states that every essay should present only one worthy idea. And that idea should convey a single useful emotion that directs the reader to a single desired action.

The most efficient way to do this is to start with the end purpose in mind.

So the editor asks: "What is the action that the writer desires the reader to take?" Does he want the reader to buy a certain stock or take a certain supplement? Or does he want the reader to be aware of some important truth or falsehood?

The answer gives him the emotion he is looking for—an emotion that is useful in provoking the desired action.

With that thought in mind, he scans the draft again, noting any ideas or stories that create a different, less useful, emotion or that lead to another action that is not desired.

Step 3. Make sure to introduce the idea with the best possible lead.

In addition to reading for the Rule of One, the editor looks at the first few hundred words of the essay and asks, "Is this the best way to introduce this idea?"

In our book *Great Leads*, John Forde and I describe six archetypal leads that great copywriters rely on to engage readers in their core ideas. They are:

- The offer lead
- The promise lead
- The problem-solution lead
- The secret lead

- The proclamation lead
- The story lead

These leads work equally well for editorial writing.

Knowing the action he wants the reader to take and the emotion that will best provoke that action, the editor can quickly discern whether the writer chose the best possible lead.

Although value editing is the most important type of editing, it takes the least amount of time. Usually, it can be done in fewer than five minutes. The reason it can be done so quickly is because the editor is not reading the entire essay paragraph by paragraph. He is scanning it to answer three key questions:

1. Is the core idea worthy of publication?
2. If so, does the essay adhere to the Rule of One?
3. Has the writer introduced this idea with the best possible lead?

By doing this, the editor can ensure that the essay is fundamentally strong. That it has, at its core, a worthy idea and that this idea is presented in a forceful way.

The Second Pass: Functional Editing

Functional editing, as I said, is about structure and rhetorical persuasive techniques. It's about discovering whether the essay has the framework to support the idea it is presenting.

Functional editing should be done only after the core idea has been deemed worthy. Spending time on structure and rhetoric before that is a waste.

Functional editing takes more time than value editing. The editor has to read the essay carefully. He has to make notes along the way. What he is doing is reading at two levels: First, he is following the writer's line of thought. Second, he is noticing his own responses to that line of thought. He is noticing whether he finds the essay, on a paragraph-by-paragraph basis, engaging and believable.

I call this functional editing because what the editor is doing is judging how well the essay functions. The value editing has been done, so he already knows that the core idea is worthy and that the essay begins strongly with the right lead. The lead will have been measured against the Rule of One. The Rule of One enforces the editorial goals of unity and consistency. If the lead is unified and consistent, it is much easier to make the rest of the essay unified and consistent.

What the editor is assessing now is whether the rest of the essay has unity, consistency, and credibility. In effect, he is asking two important questions:

1. Is the essay compelling throughout?
2. Is it persuasive?

Editing for structure and rhetoric used to be a difficult process. It has been made much easier by the CUB Review, a technique Mike Palmer invented.

The CUB Review, like the Peer Review, is an efficient way for a junior editor to provide a writer with valuable feedback. But where the Peer Review identifies the strength of the lead, the CUB Review identifies weaknesses in the rest of the essay.

To do a CUB Review, you read the essay paragraph by paragraph, noting the writer's line of thought. What you are looking for is any negative reactions you may have to it. You do this by marking C, U, or B beside any paragraph that you find Confusing, Unbelievable, or Boring.

Unlike the Peer Review, you don't have to offer up alternatives. You only have to let the writer know that he has made a serious functional mistake.

Paragraphs deemed "Confusing" need clarification. Paragraphs deemed "Boring" need deletion. And paragraphs deemed "Unbelievable" need rhetorical support and usually more proof.

With the CUB Review, a junior editor can identify all of the major functional weaknesses in an essay in a single reading. Repairing them is the job of the writer.

The Third Pass: Cutting and Polishing

The first edit takes just minutes. The second edit should take no more than half an hour.

A senior editor must do the first edit. But his investment in time is very short. So he should be able to review all the editorial copy his group produces. Considering the importance of value editing, that is a huge benefit.

A junior editor can do the second edit.

This gets the copy to 80% of what you want to accomplish. It eliminates the bad ideas and ensures that the good ideas are presented strongly, consistently, and convincingly.

Now we come to copyediting. Copyediting is the least important type of editing. Yet it takes the most time.

Copyediting is about eliminating flaws and polishing prose. It's about making sure that the grammar is correct and the language is clean. Ultimately, the goal is to make the writing easy to understand and pleasurable to read.

A copyeditor does his job by being knowledgeable about certain aspects of the English language. He is an expert on grammar and punctuation and spelling. He studies usage and style.

If you love writing and the English language, you, too, should educate yourself on the basics: grammar, punctuation, and spelling. You should study the many great books on this subject. And you should make one of them—maybe *The Chicago Manual of Style* or *The New York Times Manual of Style and Usage*—required reading for your writers.

But becoming an expert in these areas won't make anyone a great editor. It will only make them familiar with lots of rules.

Some of these rules will help your copyeditors detect and eliminate formal mistakes. (Knowing when to use "which" and when to use "that," for instance.) Some will be useful in preventing confusion. ("Discrete" versus "discreet.") Some will help them make writing more compelling. (Active versus passive voice.) But none of the rules will make the writing they are editing consistently good.

To accomplish that, you must make value editing your first priority.

—*Mark Morgan Ford*

— Snapshot in Time —

Friday, December 12, 2008

Time for Predictions

It's almost the end of the year. Time for Predictions!

Our readers are on edge. They don't know what to expect in the coming year... what to worry about... or what to do. Our job is to give them answers.

In our editorial...

... and in our marketing.

And the best time to do that is BEFORE the end of the current year. So see if you can come up with some good predictions for 2009 NOW.

Remember that the predictions are a bit like secrets and promises. They need to be fresh and new... and they can't give away too much, too soon. They have to be intriguing emotionally as well as intellectually... suggesting some sort of payoff for the reader. Ideally, they should lead to other products and services.

For example, if you tell readers of a human resources newsletter that unemployment is going to go up... you might want to offer a report or a conference on "How to Reduce Your Payroll Fast... without incurring layoff costs." Or, if you have a financial advisory service and you predict that "Gold will soar as governments inflate," you might want to offer: "Gold Timing Service... tells you when to buy and when to sell for maximum profit."

You get the idea. Each message should follow the 4 Ps—with a Promise to start it off... a Picture that makes sense of the Promise... Proof that makes your readers believe it... and, finally, the "Push" or "Payoff" where readers are urged to do something.

Predictions need payoffs. Of course, they can be emotional and intellectual, as well as financial or occupational. But we don't like dead ends. There always needs to be more—something the reader can do... more to read... more to think... somewhere to go... and a solution.

—Bill Bonner

TWO WAYS TO STRUCTURE A NEWSLETTER

There are two ways to structure a good newsletter:

1. **The single-topic format**—Focuses on a single topic, with most of it reading like an essay. An issue is usually eight pages long, with about 500 words per page. If it has charts or other graphics, it may be 10 or 12 pages. But the “written” material is no more than 5,000 words.
2. **The magazine format**—Covers many topics, one or several of them at length. It is usually 16 to 24 pages long, a total of 8,000 to 12,000 words.

The first format is better... if you can pull it off. So let's talk about that one in more detail.

The best single-topic issue comes from one forward-thinking person. An expert on the subject.

Selecting the topic is a challenge. The purpose is not simply to “cover” the territory. You want to startle the reader into thinking. You also want to motivate him to take action.

This reminds the reader why he subscribed to your newsletter in the first place. At the same time, it makes him happy that he did.

A single-topic newsletter does one of two things:

- It presents a new, or seemingly new, opportunity.
- It provides a new, or seemingly new, solution to a problem.

On occasion, it can be an invitation to take part in a valuable experience.

These are the three most important rules to follow:

1. The lead must be emotionally compelling.
2. The body of the essay should not stray from the tipping-point idea or benefit presented in the lead. Anything that does not directly support that idea or benefit should be deleted.
3. At the end, the reader should be given specific, actionable advice that seems to flow from the copy.

As you can see, producing a good, single-topic newsletter is similar to producing a good sales letter. If the issue is done well, it should easily convert into sales copy.

—Mark Morgan Ford

— Snapshot in Time —

Friday, March 7, 2008

The Secret of the Self-Replicating Chicken Sandwich

Down here in Australia, Brian York has figured out how to produce revenue from editorial copy that would otherwise be used once in fulfillment and then not again.

He's taking headlines and leads from newsletters and using them in ads, which is so obvious it sounds underwhelming. Why aren't we doing it more? Maybe we are. He also used a previous lead article from *Diggers and Drillers*, our resource letter, and sent it out as a dedicated email.

The result is about AUD 80K in revenue for our business in the last six weeks—a big deal for a business our size right now.

I call it the secret of the self-replicating chicken sandwich. It's a way to increase the ROI on editorial.

In the restaurant business, every time you sell a chicken sandwich, some person who makes an hourly wage has to make it, and they have to use new ingredients every time. The labor and the raw materials go into each unit.

In the newsletter business, you write it once. But you can sell it a million times—if it's really good.

We don't really use our editorial to sell, partly because it's not good enough... and partly because we take the step of treating it as a raw material to be sent, en masse, to a copywriter, to make it more useful for sales.

I'm not suggesting this is a way to cut out the copywriter altogether. But what we've figured out here is what we discussed a few years ago at the Internet summit: You can use your editorial to generate sales or email names more than we are currently doing.

You would probably make even more money with a good sales letter. But this is a direct application of what Bill and Mark have always contended... that you should be able to sell a newsletter by using the lead and headline of the current issue. For us, the last month is direct evidence that you can. You just need to peer review the editorial of an already-good writer to raise the quality one tick higher.

If you do, it's much easier for the publisher to determine how much revenue the editor is actually producing. Auto renewals and direct debit have, I think, made renewal rates a less reliable indicator of editorial quality. They've also, in my opinion, led to some rather lax editorial standards around the company.

Below is the editorial Brian sent out... the actual lead article from the issue... as a dedicated to the *Daily Reckoning* list. At the end, a link to the order form. We used this in tandem with ads in our HTML versions of *The Daily Reckoning* and *Money Morning* to generate revenue off our editorial that we might not have generated otherwise.

A Special Announcement From The Daily Reckoning Australia

The March Edition of Diggers & Drillers Is Now Online

Oil Shock '08

Three Reasons to Get in Today Before Oil's Next Big Move

By Al Robinson

Dear Reader,

Since we last wrote to you, South Africa's power crisis has worsened. Harsh, freezing conditions in China have caused power shortages. Venezuela is threatening to withhold oil supplies from its main client, the United States. And in Texas, another U.S. refinery has suffered an explosion, interrupting production. It's chaotic. It's like the end of the world has shown up to the party, early and uninvited. Dare we say it... this is the kind of thing you can expect to continue, off and on, for the foreseeable future.

It may sound scary. But there is good news. You and I might never see this kind of investment opportunity again. The global energy shortage may just be starting, and energy prices are rising. It could get worse. Let me explain what I mean when I say, "get worse."

Oil experts who illustrate the idea of peak oil often have a fondness for leading their argument with a graph of global oil production. It's shaped like a bell, slowly curving up to the top before gently declining off towards the future, in symmetrical fashion. Many people think we're sitting at the top right now. Some people also believe the backside of the curve—where global oil production begins to decline from the peak—will not be so gentle.

Real life often isn't gentle... smooth... or curvaceous. It doesn't just slide along. Real life is peppered with rare, explosive, high-impact events. Life after oil production peaks will consist of bursts and spurts as our inadequate energy systems struggle to cope. It won't be a steady, gentle decline. Each time one of these time bombs goes off, somebody is in the position to make money.

You've seen what I'm talking about. Eskom's woes providing power in South Africa haven't been smooth or curvaceous. The company's insufficient infrastructure put an entire country in darkness for a week, and miners out of work for longer. It also gave the platinum price a reason to fire up by 38%.

China cut coal exports to help deal with its unseasonably cold winter. The conditions yanked

hard on already-tight global coal supplies. None of this has been the least bit smooth or curvaceous. Australian coal prices spiked. They've added 49% since late January.

These events you're reading about every day have something in common. They've happened without much warning, and with huge results. The Eskom fallout didn't look anything like a bell curve... more like a blip on a heart monitor, except it only comes about once. A short, sharp shock.

Sitting out of the market and waiting for a sign that a profitable energy trend has begun will, more likely than not, win you nothing. That's life. These things take shape rapidly. Nobody's going to tell you when the next Eskom is about to happen. If you want to be on the right end of things, you have to be willing to get into the market and wait for it.

But the returns you get for being patient and faithful to your idea... they can be spectacular.

So just what is our comeback story in the making...? Get the rest of the issue by clicking here.

If you begin using editorial in the way that Brian has done it above, you have a simple way to judge whether the editorial is any good: Does it sell the newsletter or not? Simple. If it doesn't, it's not good enough. Not all publishers might want to submit editorial to this test... but it is a useful one.

It's good for the new editor too. As editor, you have a direct incentive to produce better stuff because there's a clear benefit: The better your newsletter, the more sales it will generate, the more accurately (and fairly) your compensation can be determined.

—Dan Denning



CHAPTER III

COPYWRITING FUNDAMENTALS



FIVE BASIC RULES FOR WRITING A SALES LETTER

1. Don't proselytize. Preach to the converted.

Trying to sell a watch to someone who has never bought a watch before is an uphill battle at best. Most of the time, a sales letter should be directed at proven buyers—people who have already demonstrated an interest in buying products and services similar to those you are selling.

2. Start with the prospect.

Many copywriters make the mistake of spending too much ink touting the product, describing all its features at length and in detail. Keep in mind that your prospect doesn't really care about the product. What he really cares about is himself and how the product might be able to help him.

Ask: "What is my typical customer thinking about? What's keeping him up at night? What is he dreaming about?" Figure out the answers to those questions and your sales letter will never stray far from the mark.

3. The lead—the headline and the first few paragraphs of copy—is 80% of the sale.

In terms of size (i.e., number of words), the sales argument and the "close" constitute about 80-90% of the sales letter. However, the lead—at only 10-20% of the total—has the greatest impact on the eventual sale.

The lead packs most of the punch because it is what grabs the prospect and entices him to read on. If the lead is well written (i.e., makes a strong, emotional case for the product), writing the rest of the selling argument (convincing the prospect that his desire to buy the product is a rational one) is relatively easy.

4. Even with a strong lead, you can blow the sale.

The enthusiastic reader is willing to overlook minor mistakes and omissions in your sales argument because he wants to believe that what you are selling him makes sense. However, you can blow the sale if you get sloppy. One of the most common ways of getting sloppy is to provide insufficient proof of the claims you make about the value of the product.

5. Make every offer irresistible.

Close your sales letter with an irresistible offer—one that is simply too good to refuse.

—Mark Morgan Ford and MaryEllen Tribby

Writing 'Til Your Head Hurts

I write *The Daily Reckoning* every day. I start at 7:30 and work just on that without interruption... except for a cup of tea... until 11:00. It's straight-out writing. Some days, I have two deadlines I have to hit... my DR deadline at 11:00 and then a couple of hours later the deadline for the weekly column I write for *MoneyWeek*.

What I've noticed is that it's best not to stop. If I stop for lunch or to do something else, I get distracted. It's hard getting back into writing mode. So for me... what works is to get into the groove of writing and not let anything distract me. I'll keep at it and keep at it 'til 3:00 in the afternoon, only stopping for cups of tea.

I find that to be very productive... although I must say that sometimes by 2:00 I have a terrible headache. And when I find that I do have a headache, it's best just to ignore it... because there's nothing I can do about it. Actually... I feel like I do my best work when my head is hurting!

—Bill Bonner

HOW TO STRUCTURE A DIRECT-RESPONSE SALES LETTER

How to Structure a Direct Response Sales Letter

EYEBROW COPY 2 3
 It should be no more than a short paragraph - just one - that provides some context for the headline.
 Try to include an **interesting detail** about the creator of the product or service to personalize the letter.

HEADLINE
 Your headline is all about the **initial impact**. It needs to make the reader stop and think for a moment. Your headline should be **useful, unique, urgent and ultra-specific**.
 Aim to tick as many of these boxes as possible.

DECK COPY
 This is a chance to build on the excitement and intrigue you've created in the **headline** by further listing some of the benefits of the product or service.
Write no more than two paragraphs - separated by **clear space** - each focusing on one single detail. So, the first paragraph might help to ease of use, the second may hint at profitability.

SALUTATION - Don't just rely on "Dear Reader" - aim to something that relates to the type of person you're writing to.

THE LEAD
 This is the **lead's job to carry the baton...**
 The lead is to be from user - it's not just getting started.
 That's why you must always start a direct response copy with either a smile and wave to **establish rapport**.
 Use **short, clipped sentences and clear, unambiguous language**.
 Although you will begin to explore the longer themes you'll be exploring in your main argument, you should focus mainly on the same benefits, promises or details you've featured in your headline and deck copy.

BODY COPY
 This is where the **real sales argument** takes place.
 Don't worry about how long this section is - it should simply be **as long as it needs to be, no more**.
 As part of the writing process you should stop to review what you've written by **reading aloud**.
 This means you work through your sales argument **being confident it flows very smoothly**.

Promise } What are you going to give the reader? What **benefits** are you offering to the **problem** they face?
Picture } Show your reader the **benefits** of your product and include the **benefits** of the product. **Paint a picture** of the benefits of your product.
Proof } The more proof you can offer, the better. But don't just rely on facts and figures. **Include case studies, testimonials and other real-world proof**.
Push } The final push is to get the reader to **act now**. This is the **final push** to get the reader to **act now**.

THE OFFER

Push } Don't forget to include the offer in your letter. It's the **final push** to get the reader to **act now**. This is the **final push** to get the reader to **act now**.

THE OFFER
Make it special } and that doesn't just mean "take a discount".
 What **extra benefits** can you offer to **draw another regard** that would complement the product or service?
 Could you offer the product to **another person** for free? Could you manage to **buy a date** or **personal assistant**?

Make your offer
irresistible

GUARANTEE
 Your guarantee should be **appropriate** to the product or service you're selling.
 If it's a **new product** for the product to work, give the customer **two weeks** to try it out.
 If it's a **year to work**, give the customer a **year**.
 And if a **refund** is subject to **new terms and conditions**, make sure you **include the copy** to **try to take them in** if you can.

SIGN-OFF
 Use your **own name**.
 From your **letter** it will also **include a scanned signature** of the **author** to add **credibility**.

P.S.
 It will be **remembered** the reader **about the benefits** of the sales argument.
 Copy it **to** **include a scanned signature** of the **author** to add **credibility**.
 The **reader** should **include a scanned signature** of the **author** to add **credibility**.
 If a **letter** is **sent** to the **author**, include a **scanned signature** of the **author** to add **credibility**.
 If the **letter** is **sent** to the **author**, include a **scanned signature** of the **author** to add **credibility**.
 Don't waste it.
 For more free direct response copywriting advice visit: **AllGoodCopy.com**

—Glenn Fischer

THE IDEA OF A COMPELLING POETIC IMAGE

Ezra Pound defined a poetic image as “an intellectual and emotional complex in an instant of time.”

Take a look at this little poem he wrote in 1913.

In a Station of the Metro

*The apparition of these faces in the crowd;
Petals on a wet, black bough.*

The poet is standing in a darkened subway station, waiting for a train. He looks across the tracks and sees other people standing and waiting. And he is suddenly overcome by the feeling that they are part of some beautiful natural whole.

The idea and the emotion that informs the poem hit you at the same time. They have a sort of *Aha!* effect on you.

And that is what the persuasive writer wants to do. He wants to articulate his idea in such a powerful and efficient way that it cannot be resisted. He wants it to seduce the heart and convince the brain. He wants it to be both intellectually and emotionally compelling in a moment of time.

—Mark Morgan Ford and Will Newman

Four Easy Ways to Add Urgency to Your Copy

Headlines and copy work better when they contain a sense of urgency—a reason for the reader to act immediately. Here are four easy ways, with examples, to add that urgency to your copy:

1. Promise quick results:

Get rid of foot pain—in just 7 days!

2. Put a deadline on your offer:

*To get your Product X, you must reply
by February 15th. After that, it's too late.*

3. Offer a quick-response bonus—an extra free gift if they reply within the next 10 days:

*Act now and you will receive a FREE bonus—
an exclusive interview with Katherine Harris on video,
not available in stores.*

4. Add a time element:

How To Make \$100,000 Working At Home This Year

—Bob Bly

THE FOUR U'S: A RULE FOR CREATING GREAT HEADLINES

The Four U's describe the four critical characteristics of every effective headline:

1. *Urgency*. The headline should give your prospect a reason to act on your offer now instead of later.
2. *Usefulness*. The headline should appeal to your prospect's self-interest by promising a benefit that will be of value to him.
3. *Uniqueness*. The headline should suggest that what you're offering is different from everything else of its type.
4. *Ultra-Specificity*. The headline should be as precise as possible, stating facts and figures.

The secret of the Four U's is deceptively simple. But if your headline has all four of them, you will grab your prospect's interest, tempt him with a benefit, establish credibility, and encourage him to read the rest of your sales pitch.

Sometimes, though, a great headline will defy any explanation. Take this one that I clipped from Gary North's *Reality Check*:

Asian Bartenders in an American Tavern

Talk about intriguing! How could you resist a teaser like that?

What's interesting about it, from a classic advertising point of view, is what it doesn't do. It doesn't:

- Promise the reader fame, fortune, weight loss, etc.
- Make some sort of beneficial claim
- State a startling fact that has an implicit benefit
- Announce a profit-making prediction

So what does it do? Why is it so compelling?

It creates an interesting picture—almost cinematically. The mind's eye looks upon some sort of American gin mill, half-filled with people sitting at tables and around the bar. Behind the bar are two or three Asian men or women. Why are they all Asian? Why are they working at this ultra-American place?

You have no idea what you are going to discover as the movie in your head rolls out, but you are pretty sure it will be clever. You are about to be treated to some sort of masterful bit of storytelling—maybe by Quentin Tarantino or David Lynch. You don't know where the plot is heading, but you're pretty sure it will be interesting.

This is great writing and great writing often defies the rules.

—Mark Morgan Ford

AVOIDING THE CURSE OF KNOWLEDGE

Specificity, also known as concreteness, is powerful. Why, then, do writers slip so easily into abstraction? The reason is simple: because the difference between an expert on a topic and a novice is the ability to think abstractly.

New jurors are struck by a lawyer's personality, factual details, and courtroom rituals. Meanwhile, judges weigh the current case against the abstract lessons of past cases and legal precedent. Biology students try to remember whether or not reptiles lay eggs. Biology teachers think in terms of the grand system of animal taxonomy.

Novices perceive concrete details as concrete details. Experts perceive concrete details as symbols of patterns and insights they have learned through years of experience. And because they are capable of a higher level of insight, they naturally want to talk on a higher level. They want to talk about chess strategies, not about bishops moving diagonally.

And here is where our classic villain, the Curse of Knowledge, inserts itself.

A researcher named Beth Bechky studied a manufacturing firm that designed and built complicated machinery used to produce silicon chips. To build such machinery, the firm needed two sets of skills: engineers who could create brilliant designs and skilled manufacturing people who could transform those designs into complex physical machines.

If the firm was to succeed, these two groups had to be able to communicate effortlessly. But, not surprisingly, they spoke different languages. The engineers tended to think abstractly. They spent their days agonizing over drawings and blueprints. The manufacturing team, on the other hand, tended to think on a physical level. They spent their days building machines.

What's most revealing for the Curse of Knowledge is what happened when something went wrong on the manufacturing floor. The manufacturing folks would sometimes run into a problem—something didn't fit or perhaps wasn't receiving enough power. The manufacturers would bring the problem to the engineers, and the engineers would immediately get to work. Specifically, they'd get to work fixing their drawings.

For example, the manufacturing team might find a part that didn't fit on the machine. When the team showed the part to the engineers, they wanted to pull out the blueprints and move things around on the drawing. In other words, the engineers instinctively wanted to jump to a higher level of abstraction.

The engineers, Bechky found, made their drawings "increasingly elaborate" in the hope that enhanced drawings would clarify the process for the manufacturers. Over time, the drawings became more abstract,

which further hampered communication.

The engineers were behaving like American tourists who travel to foreign countries and try to make themselves understood by speaking English more slowly and loudly.

They were suffering from the Curse of Knowledge. They had lost the ability to imagine what it was like to look at a technical drawing from the perspective of a non-expert.

The manufacturing people wanted the engineers to just head down to the factory floor and show them where the part should go. And the engineering people were thinking about what to do to make the drawings better.

So how do you fix this problem of miscommunication? Should both parties learn greater empathy for the other and, in essence, meet in the middle?

Actually, no. The solution, says Bechky, is for the engineers to change their behavior. Why? As she notes, the physical machine was the most effective and relevant domain of communication. Everyone understands the machines fluently. Therefore problems should be solved at the level of the machine.

As writers, it's easy for us to lose awareness when we're talking like an expert in our copy. We start to suffer from the Curse of Knowledge. It can feel unnatural to speak concretely about subject matter we've known intimately for years.

But if we're willing to make the effort, we'll see the rewards: Our audience will understand what we're saying and remember it.

The moral of this story is not to "dumb things down." (The manufacturing people faced complex problems and they needed smart answers.) Rather, the moral of the story is to find a "universal language," one that everyone speaks fluently.

Inevitably, the universal language will be concrete.

—*Chip and Dan Heath*

MAKE A LOT MORE MONEY--AND DO LESS WORK

Every six months, I add up our copywriter royalties.

And when I was adding up the totals for the first half of this year, there were some surprises. Some very talented copywriters in our group make A LOT in royalties. Others don't make much at all. Why?

Well, the answer basically comes down to one thing. To make more money as a copywriter... you simply have to turn out more copy. No big surprise there. But how do you do that?

Well, here's the thing...

Believe it or not, you don't have to work any harder or longer than you are right now to make more money. You can probably even work less. The secret is simply to become *more efficient*.

In the copywriting world, efficiency = money.

One of our copywriters, for example, has been the model of efficiency. So far this year, she's knocked out three blockbuster packages for our \$1,000+ trading services, a promotion for an introductory \$99 newsletter, a special renewal offer, a promotion for a software program, a "welcome series" for one of our introductory letters (including upsell letters), and a Google pay-per-click campaign.

And keep in mind that none of this work was rushed out the door.

One of the promotions she produced became our #1 seller. As a result, she got a big, fat (and well-deserved) royalty check. (I almost forgot to mention that she commutes from Virginia, 90 minutes each way, three days a week.)

So the two of us were having a conversation the other day about what she's done differently this year.

It turns out that she's adapted three of the things I believe are secrets of becoming a rich and efficient copywriter. If you can simply adopt these habits, you will probably be able to make all the money you will ever need, working just a few hours per day.

Here's what to do...

Secret #1: Turn off your email.

If you're checking email first thing in the morning—and again a dozen times throughout the day—you're

wasting an enormous amount of time. I recommend that you take a quick peek in the morning, just to make sure there's nothing that needs your urgent attention. (Spend five minutes or less on this.) Then, turn it off till lunch... and turn it off again till an hour or so before you leave the office. Email is the biggest distraction and time-waster in the world. None of us needs to be checking email more than two or three times a day.

Surfing the Internet is almost as bad. Besides the normal research you do, I strongly recommend limiting yourself to 30-60 minutes each day to get your Internet fix... reading the news... checking the markets... etc.

Secret #2: Write first thing in the morning, without distraction.

I used to think I wasn't a morning person. Now I know that mornings are by far the best time to write and think. I believe everyone would be more efficient if they learned to work first thing in the morning, before hundreds of distractions appear.

I promise that if you can turn yourself into a "morning person" and can drag yourself out of bed at the crack of dawn, you will make more money. Those first few hours are golden. Your mind is clear. It's quiet. Even if the rest of the day is a complete waste, you've still gotten something significant done. (This doesn't mean you have to work more hours... it's just a matter of shifting your schedule around. Work first, then do other things in the afternoon.)

Gary Bencivenga—one of the best copywriters of the past 20 years—does this. He writes for a "Power Hour" every day of the week... even weekends and holidays.

I never schedule a meeting or appointment until the afternoon. Mornings should be your time to write and think and edit. Afternoons are for reading, research, meetings, running errands, working out, doctor appointments, making phone calls, etc.

Secret #3: Use the Gene Schwartz 33-minute trick.

I thought this idea was ridiculous when I first heard it. But I've been using it for about three years, and I've found that it's by far the best way for me to get a lot of writing done, very quickly.

If you don't know about Gene's trick, here's how it works...

Set a timer for 33 minutes. (There's nothing magical about the number 33... sometimes I do 40... but never more than that.) Start the timer. During that 33-minute period, you can do nothing but write or edit the copy you're working on. You can't check email. You can't answer the phone. You can't look something up on the Internet.

That's the only rule—you can't get up from your chair. The only thing you can do is write or edit what you're working on.

Sometimes you'll sit there for a few minutes and not know what to do. But since you've got to be there for the next 33 minutes, eventually you'll start tinkering with your writing. And before you know it, your timer will beep and 33 minutes will have passed.

At this point, stop what you're doing, even if you're in the middle of a sentence. Take at least a five-minute break. Then, set the timer again.

(The one **thing** to remember about this technique is that it only makes sense for writing and editing your work, not for **research**, which doesn't require nearly as much brainpower or concentration.)

If you can do six of these 33-minute sessions a day (that's just three hours), you will produce an incredible amount of copy. It's an extremely efficient way to get your writing in. Very few copywriters get in three hours of completely undistracted writing per day.

So there you have it: Three ways to be more efficient, work fewer hours, and make more money. I didn't invent any of these techniques, but I've been using them for years. And I can tell you that they will change your life if you give them a try.

—Mike Palmer

THREE DEADLY COPYWRITING BLUNDERS

Let's dive right in... with the three most common mistakes I see even experienced copywriters make (including me!)—and, of course, how to avoid each one...

Blunder #1: "Me-Too" Headlines

I see this big old boo-boo all the time when critiquing copy. If I ever look at a headline you wrote and say "Anybody could say this," I'm just being kind. What I really mean is "This headline really blows. Start over."

Let's take a look at how we might never compel anyone to say such a thing about a headline on your ad...

The most common headline—the straight benefit headline—typically focuses on the one benefit you believe will be deemed most valuable to the readers you're addressing.

Alas though, you have gaggles of savvy competitors whose headlines vow to deliver similar if not identical benefits. Heck. You could probably tear their headlines out and paste them on your ad—and nobody would even notice the difference!

So what do you do?

Simple: Use your headline to differentiate your product—lift it head and shoulders above the competition and leave prospects believing your competitors are also-rans, pale imitations.

"Golly Pete, Clayton, how in the heck do I do that?"

Here's some stuff to try...

1. Be Unique

Everybody talks about Unique Selling Propositions—but most "USP" headlines I see don't contain a Unique Selling Proposition at all!

According to Rosser Reeves, the "father" of the USP, a Unique Selling Proposition must meet three criteria:

- It must contain a proposition (a benefit that people are willing to pay for)...
- The benefit must be unique (not the same thing a competitor says about his/her product), and...
- It must sell, be powerful enough to "move the masses."

Oh, yeah—I see tons of heads that shout a benefit. And in most cases, those benefits are something people are willing to pay for. But heads that differentiate the product by presenting a truly unique benefit are as rare as hen's teeth.

And by "unique benefit," I mean a benefit that people are willing to pay for—and that your competitors can't (or don't) promise.

Think: What overlooked fact makes your product work faster than the competition's? What makes it more convenient, more effective, more cost-efficient, or cheaper? Incorporate these ideas into your headline and watch response soar!

2. Be Specific

Specific facts in a headline do more than just add all-important credibility. They can add a heaping helping of uniqueness to your product and, by doing so, put miles between you and the competition.

Your competitor can claim that his product is the best ever. But if you include specifics that prove yours is better, you win!

A headline for a weight-loss system shouting "Lose weight fast!" does absolutely nothing to differentiate you or your product. Any of your competitors could be (and probably are) making very similar claims in their ads.

Adding razor-sharp specifics—quantifying the results you're promising—can make it come alive:

"World's first and only supplement GUARANTEED to vaporize 15 pounds of ugly fat—from your belly, hips, butt, and thighs—in 30 days or LESS!"

Think: How much faster does your product work? 20% faster? 40% faster? Twice as fast?

How much *time* will it save your prospect? 15 minutes a day? 45 minutes a day? Five hours a week?

How much *money* will it make him or save him—down to the penny—and how often? How much will it cut his health risks or mitigate his symptoms?

Load up your headline with these differentiating specifics and you'll be miles ahead of the game.

3. Use Advertorials

Many pure benefit headlines are no longer working as well as they once did.

Why? The answer shouldn't surprise anyone...

Every day of the year, your prospective customer is bombarded with tons of advertising messages. His email box, his physical mailbox, every website he visits, his TV and radio, his newspaper and favorite magazines, even his milk carton and cereal box are crawling with sales messages.

Of the thousand or so ads your prospect will see today, hundreds will have benefit-oriented headlines. And many of them (maybe even most of the ads he gets over the 'net) will feature headlines that promise ridiculously inflated benefits. Benefits that nobody—least of all the guys who wrote them—even remotely believes.

In an act of sheer self-defense, your prospect has cranked his brain's anti-advertising defenses up to DEFCON 5. He's alert and ready to defend against this blinding blizzard of B.S. by ignoring or trashing anything that remotely looks like an ad.

So what's the solution? How do you get through to him? With advertorials...

An advertorial is simply a promotion that looks and feels like a self-help magazine, special report, or booklet. It begins just like they do: with a headline and opening copy that offers to bring value to the reader's life for free... simply for reading.

The copy then proceeds to deliver on the headline's promise by giving the reader valuable information—stuff that empowers him to assuage a fear, end a frustration, or fulfill a desire.

Then, after you've demonstrated your advocacy, expertise, and honesty by delivering valuable information for free, you offer him more of the same for free—usually as a "Thank You" gift for giving your product a fair try.

Advertorial copy defeats your prospect's anti-advertising defenses in much the same way Rommel defeated the Maginot Line during WWII: They slip AROUND the prospect's defenses by addressing his deepest fears, frustrations, and desires.

I've written volumes on advertorials—and intend to write more. For now, just a few words about choosing a theme.

When I say "theme," I'm talking about the general focus of your advertorial. In the investment markets, for example, your theme could be great profit opportunities (or dangers) posed by rising interest rates... the falling dollar... rising gold or oil prices... or the emergence of China and India.

Here are rules I like to follow when trolling for the ideal advertorial theme:

- *It must be unique.* Resist the temptation to create "me-too" themes for your advertorials. If the competition's hottest control is about soaring gold prices, going with the same theme is only going to get you the crumbs off his table.
- *The opportunity or danger must be imminent.* I learned this the hard way. If your theme focuses on a danger or opportunity that's years away (like the profit opportunities presented by elderly baby boomers, for example), you're gonna get spanked.
- *It must have personal consequences.* Goes without saying. But strong themes always imply big personal rewards for reading—or penalties for not reading—the copy. "So-What" themes are guaranteed losers.

Blunder #2: The Buried Lead

Can't tell you how many times I see sales letters with fair to middlin' heads and leads... then read on, only to find a 200-tons-of-TNT lead idea on page 4... or 8... or 14.

Few writers are able to spot this kind of problem in their own copy. By the time they've written a complete draft, they're too close to the trees to see the forest.

I'm lucky. I have a secret weapon that instantly spots buried leads in my copy: Wendy.

See, I never let anyone see my copy until I think it's in pretty good shape. Then I show it to Wendy before anyone else.

Wendy has a knack for sensing the feelings prospects will have when reading each passage of copy. She instantly spots ideas that get her excited. What's more, she takes tremendous delight in pointing out sections that she considers to be slow or boring.

What's that you say? You don't have a Wendy? No, you can't borrow mine. But you can find a reasonable facsimile—someone who'll agree to critique your stuff if you'll critique theirs.

Until you find a copy buddy, the simple act of reading through your copy with a critical eye can help. Just be alert for subheads, phrases, or ideas that grab your gut more powerfully than your lead.

Blunder #3: Muddled Vision

The other day, I critiqued a package that promised one thing and delivered another. It began by offering a health benefit. But right after the headline, it launched into a five-page tirade against drug companies.

Prospects who chose to read on because of the headline would have immediately felt deceived. Ripped off. Flimflammed. We fixed it post-haste.

More often, I see copy that takes so many side trips you wind up wondering what in the heck the copywriter is smoking.

My advice: Have a roadmap before you get in the car with your prospect. Know where you're starting from and where you're going. Then map out the quickest, most direct way to get him from Point A to Point B.

Create an unbreakable, irrefutable chain of logic—beginning with a proposition that he already believes. That gets you on common ground. Then introduce each new idea with ample proof elements to keep his head nodding.

Bring him with you every step of the way. Never make him wonder where you're headed. Never make him feel disoriented or lost. Never make him work to figure out where this is going.

—Clayton Makepeace

TWO MORE COMMON COPYWRITING MISTAKES

I've been reviewing advertising copy for more than 30 years. And I've come to the conclusion that two of the most egregious copywriting mistakes are also the most common.

These mistakes are:

1. Failing to focus on a single, strong idea.
2. Lack of specificity in making the sales argument.

I've written about the first mistake many times. And the technique I've suggested to "fix" it is the Rule of One. The Rule of One states that great promotions (and great editorial) focus on a single great idea. To support a great idea, a single, great story really helps. In addition, the writer should keep the endgame in mind from the beginning. The endgame is the single action he wants the reader to take.

The second mistake, a lack of specificity, is just as fatal. But the obvious fix—to be more specific—is more difficult to teach.

At least it was until I saw a presentation by Mike Ward on this subject. Here's the sample piece of copy that Mike started with...

Dear Reader,

The largest investment banks in the world are amassing their forces for a concentrated, all-out assault on one particular sector.

It could mean billions of dollars in profits for them.

But more importantly, their moves in the market could hand you a quick 50% gain in the next 30 days.

And as their market assault gains momentum, I'll show you how you can leverage their positions to multiply your own gains. In fact, you could easily see gains of 1,500% or more...

... enough to turn a basic \$5,000 investment into \$75,000.

And you won't have to do much to make this kind of money, either. Because once the Big Boys get things set up the way they want, you can just sit back and let them drive your profits higher and higher.

Let me show you exactly what I'm talking about.

A short time ago, I was doing some research online... when I came across information that practically blew me out of my chair.

It was the kind of thing maybe one in a thousand investors would ever pay attention to... but as soon as I saw it, I knew how important it was.

Because it showed me exactly how the biggest investment banks were setting up the market for their own gains.

And I knew immediately how I could use their setup to make a lot of money.

This is not bad copy. But it is not especially good. Reading it, I find myself thinking, "This is sales copy. It was written by a copywriter. He's trying to sell me. But he doesn't seem to know a great deal about the subject."

Now look at this draft after Mike worked his magic on it...

Dear Reader,

Investment banks are making an end-run on the markets right now. It's a move that's estimated to put \$31 billion in their pockets.

Although this end-run is perfectly legal, a few insiders, notably Richard Smith, head of trading at the CBOE, are calling it "the biggest bank robbery in American history."

If you're thinking of goliath investment banks like Goldman Sachs... J.P. Morgan Chase... Bank of America... Morgan Stanley... Deutsche Bank... Barclays Capital... Credit Suisse... you wouldn't be off the mark, as you'll see in a minute.

They've already created over 1,574 new positions for traders, just to execute this end-run. They've already set up 97 new trading desks at key locations from Houston to Singapore, Hong Kong, Sydney, and Calgary. All in the last 14 months. It's a record rate.

They're selling this end-run trade to hedge funds. They're creating "structured" products and derivatives. They're providing financing and even venture capital to keep pushing this end-run higher and higher.

No doubt, these giants of Wall Street know how to make money. In fact, this end-run trade they're using now guarantees that they'll make \$31 billion in profits.

For the first time, these institutions control the market they're trading in.

Imagine you were a big trader in oil... and you drive up the price by keeping tankers full of it (in excess of 4 million barrels) out at sea. You'd be able to trade your way to "financial heaven."

That's exactly what Goldman is doing---and now every other major player is following suit...

It's happening so fast that I'm going to show you how to make 50% in the next month alone. And I guarantee it will be the easiest gains you've seen since 2007.

This is considerably stronger, don't you agree?

The difference is specificity. The kind of details that make it sound like the piece is coming from a real "insider."

—Mark Morgan Ford

ARE YOU GUILTY OF DOING THESE 10 STUPID THINGS?

Let's talk about dumb.

Once upon a time, there was a young hotshot advertising guy whose string of successes had made him a legend in his own mind. He had created several spectacular direct mail and space ad campaigns and, full of himself and his own self-importance, he truly believed he could do no wrong.

It eventually came to pass that our cocky Young Turk took it upon himself to create a direct response campaign for a product he had never sold before. That product was a diet book. His client, completely bedazzled by this ego-driven little monster, gave him carte blanche to create the campaign. And so, the first thing our hero did was create a full-page, long-copy newspaper ad that positively crackled with energy and brilliance.

The second thing he did was create a radio commercial to "advertise his advertising." And he scheduled quite a number of these radio spots to be run just prior to the appearance of the newspaper ad.

The third thing he did, because he was so in love with his work, is that he insisted on recording the commercial himself.

Here's how it went:

Attention all fat people! Does your garbage man deliver instead of collect and then yell "Chow time!"?

Whenever you get on an elevator, no matter what button you push, does it always go down?

Whenever you go shopping for groceries, do your neighbors laugh behind your back and say, "That little piggy went to the market again!"?

Listen: Fat ain't where it's at. Learn how to get rid of it. Read the Akron Beacon Journal. Read it tomorrow.

Look for the page with the big headline that says: The world would be a better place without fat people:

Here's how you can help get rid of them.

That's tomorrow in the Beacon Journal. Look for it!

Bye, Porky.

That radio spot ran over and over. It was the talk of the town. After hearing that brilliant commercial, the good people of Akron, Ohio could hardly wait for the appearance of that wondrous newspaper ad.

And appear it did. The next day. In all its glory. A full newspaper page of long, tightly written copy that told

how fat people were sucking up more than their fair share of the resources of the earth. How they needed more food to feed them... more clothes to clothe them... more fuel to transport them... more medical attention... and so on. The ad also told how fat people could cure themselves of the condition of being fat by simply sending for the diet book that was mentioned (briefly) in the ad.

What a spectacular campaign! A full-page ad backed by all those fantastic radio spots. Cleverness! Humor! Creativity! And, a new approach that had never before been used!

And only three lousy orders!

Yes, friends and neighbors, after all that hype and all that expense, this truly unique and spectacular campaign pulled in a grand total of three whole orders. Rather sad, isn't it? At least for the client who lost many, many, many thousands of dollars on this campaign.

The marketing moron who created this financial fiasco did, eventually, learn a great deal about the diet market and how to sell diet books. Unfortunately, however, he did so at his client's expense.

Do you think that's fair? Do you think that a client should have to pay for an advertising guy's marketing education?

I don't either. Not unless the client and the marketing guy are (as happens to be the case in the above example) one and the same person. Yes, boys and girls, the marketing moron who created that monstrosity of a campaign was none other than yours truly, Sir Gary of Halbert, The Prince of Print, The Ace of Space, who is also sometimes known as Gary Stupid.

All of which I hope will serve to take a bit of the sting out of some of the blistering criticism that follows. Enough babble. Let's get to the meat of this essay: the 10 stupid things that *you* may be doing...

Stupid Thing #1: Blazing A New Trail When The Road Is Already Paved

Re-inventing the wheel is dumb. Not doing your homework is unforgivable. Finding out what has worked in the past or, better yet, what's working now is the first step that is usually not taken by marketers. That's irresponsible.

The first thing I do (now) when I agree to create a direct mail campaign for a new client is review everything he has mailed before and get result figures for each of those mailings. The second thing I do is get copies of everything his competitors have been mailing and see what sales arguments and marketing themes are being repeated. I am no longer so sure that all my new ideas will be more compelling than the tried and true sales arguments that have been working for a long time.

No. What I am much more likely to do, these days, is concentrate on how to more effectively dramatize sales appeals that have already been proven to strike the most responsive chords. Let's say someone already has a marginally successful direct mail campaign for a product made in Japan. In that case, what I might do is get a bunch of Japanese 1-yen coins (you can get hundreds of them for a dollar), attach one of those little aluminum eye catchers to the top of each of my sales letters, and write something like this:

Dear Friend,

As you can see, I have attached a little Japanese 1-yen coin to the top of this letter. Why have I done this? Actually, there are two reasons.

#1. I have something very important to tell you and I needed something to help me get your attention.

#2. And secondly, since what I have to tell you concerns money and was discovered in Japan, I thought some little Japanese "financial eye catcher" would be appropriate.

Here's what it's all about... etc., etc., etc.

And the et ceteras, of course, are where I get into those tried and proven sales arguments (now that I've got my prospect's attention!).

Stupid Thing #2: Writing Slogans Instead Of Long Copy

Don't smoke. It's a matter of life and breath!

I hate to think about how much advertising money has been wasted on that bit of drivel. Smoking is an addiction. It's stronger (really) than heroin. Do you honestly believe that any nicotine addicts whatsoever have ever given up their habit because they heard that little slogan on the radio? Don't be ridiculous. If you really want to have even a chance at "selling" someone on the idea of giving up tobacco, you'd better use all the big guns you have. All the statistics, all the health hazards, all the benefits you will enjoy when you quit.

You know, once a young girl said, "Gee, why didn't you tell me that smoking makes your skin look awful? I would've quite a long time ago!" Isn't that something? This young lady's appearance was, to her, much more important than the threat of lung cancer.

And that little fact, which is also true of tens of millions of other smokers, is totally unknown to the surgeon general.

And so it is with whatever it is you are trying to sell.

Look: Advertising copy can never be too long. It can only be too boring.

And don't bother telling me how Abe Lincoln, when asked how long a man's legs should be, replied, "Only long enough to reach the ground." It's an entertaining bit of folklore but hardly a premise upon which to build a marketing campaign.

- The more you tell, the more you sell...
- The more you tell, the more you sell...
- The more you tell, the more you sell...

Stupid Thing #3: Being Remiss Instead Of Being Redundant

I'm sure you've noticed that I have a tendency to repeat myself. I make no apologies. Many people (including me) do not need so much to be taught something new as they need to be reminded of what they already know.

Remember this: You will tire of your successful ad campaigns long before your market does. It is folly to change a successful campaign in midstream if that campaign is still working. Yet, believe it or not, it happens every day.

"We need something new. Something more creative. A fresh approach."

Oh yeah, who says so? Do the numbers say so? If not, then don't you dare change a winner. If you've got a winner, I want you to keep using it over and over and over until the numbers say you need a fresh approach.

Consider this: If you've got a gorgeous, sexy spouse, I bet you've been romancing that same person over and over for a long time now, haven't you? Don't you think that's a bit much? Aren't you getting a little tired of the same old whispered endearments? And aren't you getting a little tired of saying (redundantly) the same old things (like "I love you") over and over?

Well, you'd better not stop. Because if you do, your honey just might start looking around to see what the competition has to offer.

And we wouldn't want that, would we?

Stupid Thing #4: Being Remiss Instead Of Being Redundant

You know what? I have something else to say on this subject and I almost let it go. Can you believe that? I nearly made the same mistake I just finished describing!

So, here's what else I have to say on this subject: Another way to be remiss instead of being redundant is not to tell your full story in every ad. Don't ever believe that people (because of your redundant advertising) are so familiar with the benefits of what you are selling that they only need to be reminded of your existence.

That's hardly ever true. Give your complete pitch every time you pay to get an audience!

Stupid Thing #5: Not Making Enough Cheap Mistakes After You've Got A Winner

The last few paragraphs may have led you to believe that I believe "If it ain't broke, don't fix it!" I do believe that. However, I also believe that there's nothing wrong with making a good thing better.

And the way you do that is by testing.

Now look, you already know about all the tests that make sense. You already know that you should test price. And headlines. And offers. And media. And lists. And so on. But did you also know that, every once in a while, you should deliberately test something that doesn't seem to make any sense at all?

Here's an example. Hardly anyone ever runs full-page direct response ads in small town newspapers because the CPM (cost per thousand) is way too high. Some of those papers have CPMs as high as \$90, and there's just no way to make your nut with numbers like that.

Or so I thought. Until I tested and found out that one of my full-page ads would pull as much as 20 or 30 times the cost of the ad in those little sweethearts!

Zowie! You know, it took a while—but I finally figured out why those little papers were pulling so well. Because of their high CPMs, hardly anyone ever runs direct response ads in them. Consequently, when a high-tech, slam bam, DR ad does appear, it is reaching a virgin market. In fact, the appearance of a DR ad in those papers is so rare that it is actually an event.

Sort of like taking a Broadway play to Podunk.

So, after you've got a winner, every once in a while test something that "doesn't make sense."

- Like a ridiculously high price
- Or a ridiculously low one
- Or a list from "left field"
- Or a triple-your-money-back guarantee
- Or letters that appear to be written by hand
- Or letters with \$5 bills attached to them that ask for a telephone call whether the recipient is going to order or not
- Or reply envelopes with live stamps

Stupid Thing #6: Underestimating Human Greed

Lurking deep within us all is a ravenous monster—and that beast has an appetite that cannot be sated.

Guess what? Immediately after I wrote that last sentence, Marshall Sutton, a friend of mine (he's a list broker), walked into my office with a mailing from *Newsweek* to which he was responding. You know why? It's because it offered him a savings of \$83.25 off the \$104.00 cover price. He said he didn't particularly want the magazine but the savings were just too real and too great to pass up. Hmn?

- I wonder if the guy I know who dates 10 women a month would be interested in one more?
- Could it be that that a self-made man who already has \$10 million would be interested in making more money?
- Do you honestly believe that all those rich women in Beverly Hills would indecorously scratch and scramble to get in on a department store's annual half-price sale?
- Or that a customer who already subscribes to six girlie magazines would buy yet another?
- Or that a movie star with seven cars would even consider buying one more?

Listen: People are greedy, greedy, and greedy.

Offer outrageous bargains. Offer convenience beyond belief. Provide unheard of service. Give away free TVs to everybody who buys your Cadillacs. Give rebates.

In short, when all else fails, *bribe!*

Stupid Thing #7: Overestimating Human Intelligence

Anything that can be misunderstood will be misunderstood. Explain things in baby talk. Even when you are writing to college professors or nuclear physicists. Infer nothing. Explain everything. Lead people by the hand as though they were children.

- Use short words.
- Short paragraphs.
- Simple English.

You know, it is my conceit that I can beat any mail control ever written. In head-to-head, split-run tests, the least I have been able to improve any control over the last 14 months has been by a margin of 72%.

Except one.

Can you believe it? I, Sir Gary of Halbert, actually lost to an existing control. Well, I did. And I don't like it!

And so, refusing to allow this smudge on my self-image to continue to exist, I contacted my client and asked him many, many questions. And you know what I found out? He told me that 20% of his orders are in cash and another 30% are money orders. Do you know what that means? Quite simply, it means that at least 50% of the people to whom I was writing were not even sophisticated enough to have a checking account!

So much for my \$19.95 price and a few other changes I made to the control based on the assumption that my audience was literate. Stay tuned. I'm a poor loser. Not only that, if I put my mind to it, I think I can get down to almost anyone's level. Anyway, we'll see.

Stupid Thing #8: Guessing What Prospects Want Instead Of Asking Them

As I said in my comments under Stupid Thing #1, the first thing you should do, when trying to create a new promotion, is to see if (and how) that particular marketing problem has been solved before. But what if it hasn't? What if what you are trying to sell is some product or service that is new, that has never been sold before? Well, I'll tell you what you shouldn't do. You shouldn't start guessing!

Guessing appeals to us. Guessing which groups of people will most likely buy the product. Guessing what the best price will be. Guessing which features to play up, which to play down. Dumb. Dumb. Dumb.

When you are spending tens and sometimes hundreds of thousands of advertising dollars, it is irresponsible to try and "dream up" what the market will respond to. What you should really do is go out and talk to people. Show them the new product or describe the new service. Ask people what they think. Would they buy it? At what price? What do they especially like about it? What do they especially dislike? What would make it more appealing to them?

And then, my friend, if you are a responsible person, you will build your campaign around their answers instead of your guesses!

Stupid Thing #9: Failing To Remember That People Are Skeptical

The number one reason for marketing failure is that people simply don't want what you are selling at all. The number two reason is that people don't want it as much as they want the money they would have to give up for it. But once you've overcome those first two reasons, the biggest joker left in the pack is that they don't believe you!

They don't believe the product will do what you say. They don't believe you will make good on your guarantee. They don't believe that you will even send the product to them. They don't believe you are honest or that you will be around next year. In a nutshell, they just don't believe you are sincere.

Here's how to overcome these concerns...

First, never use a post office box, always use a street address. Always include your office telephone number in every ad or direct mail piece. Invite people to drop in and visit with you. Tell them details about where you are located. ("We're right across the street from the Burbank Public Library and right next door to City Hall.") Tell people to call if they have questions and tell them who (by name) to ask for when they call. Consider allowing them to postdate their checks for 30 days. Give references. Include testimonials. Tell them the exact hours you are open. Et cetera.

Give Them Details, Details, Details!

Stupid Thing #10: Being Too Proud To Ask For Help

Jay Abraham has one of the finest marketing minds on the planet. Yet, when he isn't sure what to do, he asks me. And guess what I do when I get stuck? Very simple. I ask him! Or somebody else. Or a whole bunch of somebody elses.

Look: In spite of all the things the marketing community does wrong, it still has some of the finest minds to be found anywhere. And the very best marketing minds never trust their fortunes to the poverty of their own imaginations and intelligence. No. Believe me, there may be competition at the top—but it is a friendly sort of competition. The very best creative people are almost always givers. They give freely of their ideas, their opinions, their experiences, and so on...

So don't try and do it all yourself. Don't let false pride stop you from reaching out for help.

—By Gary Halbert

— Snapshot in Time —

Friday, February 19, 2010

Lift Notes: Don't Go Stealing Thunder

The "lift note" sits on top of, or is linked to, a full-sized promotion. It introduces the promotion to help "lift" the response you get. The biggest mistake that copywriters make when writing a lift note is to simply replicate the lead of the promotion by restating it in different words.

As a result, the lift note steals thunder from the promotion it introduces. You end up with a weaker lead. And with a weaker lead, you get fewer people to read on.

Imagine introducing a comic by telling a shortened version of his first joke.

It doesn't matter whether you are using a promise lead, a secret lead, or a story lead... you don't want to dilute its power by summarizing it in a lift note.

Stealing the lead's thunder is bad. But I've seen even worse lift notes:

- I've seen lift notes to secret leads that give away the secret!
- I've seen lift notes to promise leads that diminish the promise!
- I've seen lift notes to story leads that summarize the story!

Summarizing, by the way, is always a bad idea. Why? Because summaries are like action movies without the action or porn movies without the good stuff.

I've been doing a little testing of lift notes and I've discovered that the best ones are frequently the shortest. This is entirely understandable, if you think about it. The lift note functions the same way as teaser copy on an envelope. And the purpose of envelope teaser copy is to get the prospect to read the sales letter.

A good copywriter can usually do that in 20 words or less. Filling up the surface of an envelope with 50 to 100 words almost never works. In fact, the very best envelope teaser would probably contain just five or six words: *Read the enclosed letter. It's Important!*

It could be argued that lift notes should be entirely abolished. Testing on the relative value of using lift notes as compared to simply sending a full promotion almost always shows no reliably significant difference between the two.

So why should we bother to use lift notes?

For openers, I'd question the conclusion that it's never worth using a lift note. Though most of the lift

notes we've tested at Agora did not appear to increase response, some of them did. Meanwhile, I have seen many tests comparing a blank envelope to an envelope with teaser copy. And I know for certain that teaser copy can sometimes double or even triple response.

Here is an example of a well-written lift note:

Dear Michael,

Our records show you won't be at our copywriting Bootcamp this year.

(If this is an error, please let us know.)

We're sorry we won't see you there, but here's something we've arranged especially for you... so you don't miss a single writing tip or marketing nugget from any of the presentations.

All the details are right here.

And be sure to read all the way to the end...

There's something in the P.S. you won't want to miss—and it won't be there after tomorrow.

Sincerely,

Katie Yeakle

Executive Director, AWAI

Here's another good example:

Dear Investor's Daily Edge Reader,

Good Sunday morning!

Do you have 4 minutes to spare today? If so, I promise I'll make it worth your while...

I'm going to show how you could turn \$500 into \$5,343... with less risk than buying coins, commodities, exchange traded funds, or even plain old stocks.

How can I be so sure?

The proof is in the full write-up below.

To Your Wealth,

Ted Peroulakis

Investor's Daily Edge

And here are some rules to follow:

1. Don't feel compelled to use lift notes.
2. Don't use them all the time. (You don't have to be a marketing genius to know it helps to mix

things up... to keep your readers guessing.)

3. When you use them, have a good reason.
4. Put that reason—why you are asking your prospect to spend his valuable time on your promotion—in the lift note.
5. Be selective in the benefits, proof, and credibility you provide. (One good example is better than five mediocre ones.)
6. Limit the lift note to one good idea.
7. Never rain on the promotion's parade by giving away the secret, diminishing the promise, or summarizing the story.
8. Never steal the promotion's thunder.

—Mark Morgan Ford

CHAPTER IV

PRINCIPLES OF EFFECTIVE HEADLINES AND COMPELLING LEADS



ESTABLISHING A USP

You can **sell** your product very well by talking about its many benefits. **But** you will find that the most successful advertisements are those that **highlight** a single benefit above all the rest. When this benefit can be presented as uniquely characteristic of your product, you have an advertising proposition that can last and last and last.

I am talking **about** establishing a Unique Selling Proposition (USP) for your product.

The importance of establishing a USP is widely accepted and widely proclaimed by business experts, schools, and publications. **Yet more than 90%** of all new products that come to market come without any distinguishing characteristics.

Walk through **any** supermarket or department store. Most of the products you'll see are fundamentally the same as **others** of their type. And when new business ideas are suggested to me, they are mostly copycat ideas. In the **past few months**, for example, I've heard the following:

- An investment advisory newsletter on exchange-traded funds (ETFs)
- A website providing natural remedies for health problems
- A website business with inspirational and motivational messages

None of **these** ideas were in any way unique. Yet that didn't faze the people who were promoting them. And some of those people were reasonably experienced entrepreneurs. When I asked them how they could distinguish **their** businesses from the competition, they looked at me as if I were speaking Swahili.

If you want your **best chance** of selling a new product into an established market, it helps if you make it—in some way—better than the competition. Or at least make it *seem* better.

It is easier to sell a product if it really does have a substantial benefit that the competition lacks. FedEx, for example, gained market dominance by promising overnight delivery, and Apple did a great job of selling the iPhone by emphasizing its large screen.

Coming up with the right USP can make the difference between a mediocre product launch (which could mean a complete failure for a start-up) and a big success (like FedEx and the iPhone).

In their classic marketing book *Positioning*, Al Ries and Jack Trout explain why developing a USP is so essential:

To succeed in our over communicated society, a company must create a position in the reader's mind, a position that takes into account not only a company's own strengths and weaknesses, but those of its

competitors as well. Advertising is entering an era where strategy is king. In the positioning era, it's not enough to invent or discover something. It may not even be necessary. You must, however, be first to get in the reader's mind.

Ries and Trout say that people spend very little time considering new information—usually just a second or two. So if you want your product to have a strong position in the marketplace, you have to come up with a unique position. Then you have to find a way to communicate that position clearly and concisely, so it will be understood in the few moments of attention you are likely to get for it. And finally, they argue, in selling the product you have to emphasize that USP all the time so that you eventually “dominate” that position in the hearts and minds of the marketplace.

“If you provide a product or service that is just like an existing product or service, you will probably not succeed,” says Seth Godin in *If You're Clueless About Starting Your Own Business*. “You need to be faster, more varied, slower, cheaper, easier to work with, prettier, more highly recommended—something to distinguish it.”

Not sure how to distinguish your product? Godin recommends looking for a niche—some narrow segment of the general market. “We paint houses is not a niche,” Godin says. “We paint Victorian houses, on the other hand, is.”

But is that enough?

Is it enough to say that you have a narrowly defined specialty? There are many ways to create a USP for your products, says Jay Abraham in *Getting Everything You Can Out of All You've Got*. But they all must have something to do with your prospect. “Being unique is interesting,” Jay told me 20 years ago when we first discussed this concept. “But if it doesn't sell, it doesn't do you any good.”

In my view, every successful USP should have three characteristics:

1. *The appearance of uniqueness.* The characteristic you decide to promote in your USP does not have to be unique to your product, but it does have to seem like it is.
2. *Usefulness.* The appearance of uniqueness is not enough. If the distinguishing characteristic of the product is not desirable, no one will want it. In deciding on your product's USP, it is better to select some feature that isn't entirely original and make it seem unique than it is to select a feature that is unique but useless.
3. *Conceptual simplicity.* If your product's USP is trendy, it is almost certainly simple too. Very few complicated things ever become trendy. It's good to remember that you have to sell the USP—and nothing sells well that is difficult to explain.

Now let's take a step back and have another look at those copycat business ideas I mentioned earlier. As I said, the people promoting them had no idea how to distinguish their ideas from the competition—but let's see how we can create USPs for them.

For an investment advisory newsletter on exchange-traded funds (ETFs):

- The only newsletter on ETFs that takes market sentiment into its calculations

- The only investment advisory on ETFs written by a former Wall Street trader
- The only astrologically-based newsletter on ETFs

For a website providing natural remedies for health problems:

- The only natural health website with a “caveman” approach to fitness and eating
- The only natural health website that is written by an Ayurveda doctor
- The only natural health website that is created by a panel of international experts

For a website business with inspirational and motivational messages:

- The only inspirational website based on the teachings of Confucius
- The only inspirational website created by a panoply of diverse religious leaders
- The only motivational website from a multimillionaire

These are not actual or great USPs. But you can see how much stronger they are than the original descriptions, can't you? As a marketer, I would much rather work with an inspirational website based on the teachings of Confucius than with something more generalized. Basing the website on the teachings of Confucius makes it not only unique but also easy to explain and clearly beneficial.

Once you have established a USP for your product, you can use it as the foundation of a sales letter that has these four components:

1. A Big Idea
2. A Big Promise
3. Specific Claims
4. Proof of Those Claims

The Big Idea

For the purposes of this discussion, let's define the Big Idea as the main idea you use to sell your product. The Big Idea should come from the USP, but it is not the same thing as the USP. The USP applies to your product. The Big Idea applies to the particular sales effort you are creating.

In the case of our inspirational website, let's say you've decided to go with this as your USP: “the only inspirational website based on the teachings of Confucius.” But you can't use that for a headline. You need something more arresting and compelling. So you look for an idea—preferably an idea that is big enough to sustain not just a single ad but an entire advertising campaign.

Where do you go for that idea? Answer: back to your product's USP. In this case, you would do some research on Confucius, looking for something he said, some bit of wisdom or advice that intrigues you.

Don't worry at this point about what would appeal to your prospects. Look for something that excites you. You have to start there, because if you take the other route—looking for something that you think your prospects might like—you will settle for appropriate but not exciting. Big Ideas need to excite you. So start with that and trust your own feelings.

Let's say you find a quote by Confucius—something like “The man who speaks well has the power of five men.” You like that idea—that speaking well (whatever that means) can increase your personal power.

Based on what you've seen in life, it makes sense to you. And you think you might be able to put together a mini-course on gaining power through making speeches that you could sell on your website. You think that's something you'd like to do yourself—that it would be exciting.

Now it's time to stop and ask yourself if your typical prospect would be as excited by this Big Idea as you are. If the answer is no, go back to your research. But in this case, based on what you know about your target market, it looks like they are very interested in gaining personal power. So the answer is yes—and you may very well have discovered your Big Idea.

The Big Promise

Now you are ready to create a headline and lead for your ads. You have this Big Idea—that speaking well increases a person's personal power. But a Big Idea is not enough. It has to come with a Big Promise. In this case, the promise was tailor-made for you by Confucius. He said that the man who speaks well has the power of five men. Quintupling one's personal power is certainly a Big Promise. So you spend some time brainstorming about what that would mean in terms of how it could improve your prospect's life.

Specific Claims

This is when you put on your thinking cap to come up with possible claims that you can make in your ads—lots of claims that are based on the Big Idea.

Ask yourself: What could a person do if he quintupled his personal power?

All kinds of answers will come to you. He could conceivably quintuple his income... or quintuple his chances of talking his way out of a traffic ticket... or quintuple his success with women... and so on.

Just jot these claims down on paper as they come to you, regardless of whether they are realistic.

Don't stop to do a lot of editing or rewriting at first. But then go back and make the claims as specific as you can. Instead of “Quintuple your income,” for example, make it “Turn a \$35,000 income into \$175,000.”

Proof of Those Claims

This is going to take some research—a job that you might want to hire someone else to do.

What you need are lots of real-life examples of people who gained wealth and fame and prestige as a result of their ability to speak well... historical proof as well as anecdotal proof... and as many testimonials as possible.

Then you can sort through the results, making sure all of your claims have some reasonable proof to back them up. Discarding or adjusting those that don't.

At this point, you don't have a word of copy written (except, perhaps, a headline for your ad). But you have three or four pages of rough material—a "copy platform" that contains everything you will need to create a breakthrough advertising campaign.

—Mark Morgan Ford

38 HEADLINE SHORTCUTS

The hands-down easiest way to get new headline ideas is to keep a "swipe" file of successful past examples that you can consult for inspiration.

To get you started, here's a partial collection of such headlines from my own vast swipe file, organized by category:

1. Ask a question.

What Do Japanese Managers Have That American Managers Sometimes Lack?

2. Create a tie-in to current events.

Stay One Step Ahead of the Stock Market Just Like Martha Stewart—but Without Her Legal Liability!

3. Create new terminology.

*New 'Polarized Oil' Magnetically Adheres to Wear Parts in Machine Tools,
Making Them Last Up to 6 Times Longer*

4. Make it sound like news.

Announcing a Painless Cut in Defense Spending

5. Tell your reader to do something.

Try Burning This Coupon.

6. Use numbers and statistics.

Who Ever Heard of 17,000 Blooms From a Single Plant?

7. Promise useful information.

How to Avoid the Biggest Mistake You Can Make in Building or Buying a Home

8. Highlight the offer.

You Can Now Subscribe to the Best New Books—Just as You Do to a Magazine.

9. Tell a story.

They Laughed When I Sat Down at the Piano... but When I Started to Play...

10. Make a recommendation.

The 5 Tech Stocks You Must Own NOW

11. State a benefit.

Managing UNIX Data Centers—Once Difficult, Now Easy

12. Make a comparison.

How to Solve Your Emissions Problems—at Half the Energy Cost of Conventional Venturi Scrubbers

13. Create a visual image.

Why Some Foods "Explode" In Your Stomach

14. Use a testimonial.

After Over Half a Million Miles in the Air Using AVBLEND, We've Had No Premature Camshaft Failures.

15. Offer a free special report, catalog, or booklet.

*New FREE Special Report Reveals Little-Known Strategy Millionaires
Use to Keep Wealth in Their Hands—and Out of Uncle Sam's.*

16. State the Unique Selling Proposition directly and clearly.

Surgical Tables Rebuilt—Free Loaners Available

17. Arouse curiosity.

The One Internet Stock You MUST Own Now. Hint: It's NOT What You Think!

18. Promise to reveal a secret.

Unlock Wall Street's Secret Logic.

19. Be specific.

At 60 Miles an Hour, the Loudest Noise in This New Rolls Royce Comes From the Electric Clock.

20. Target a particular type of prospect.

We're Looking for People to Write Children's Books.

21. Add a time element.

Instant Incorporation While U-Wait

22. Stress cost savings, discounts, or value.

*Now You Can Get \$2,177 Worth of Expensive Stock Market
Newsletters for the Incredibly Low Price of Just \$69!*

23. Give the prospect good news.

You're Never Too Old to Hear Better.

24. Offer an alternative to other products and services.

No Time for Yale—Took College at Home.

25. Issue a challenge.

Will Your Scalp Stand the Fingernail Test?

26. Stress your guarantee.

Develop Software Applications Up to 6 Times Faster or Your Money Back.

27. State the price.

Link 8 PCs to Your Mainframe—Only \$2,395.

28. Set up a seeming contradiction.

Profit from "Insider Trading"—100% Legal!

29. Offer an exclusive the prospect can't get elsewhere.

Earn 500+% Gains With Little-Known "Trader's Secret Weapon."

30. Address the prospect's concern.

Why Most Small Businesses Fail—and What You Can Do About It

31. "As Crazy as It Sounds..."

*Crazy as it Sounds, Shares of This Tiny R&D Company, Selling for \$2 Today,
Could Be Worth as Much as \$100 in the Not-Too-Distant Future.*

32. Make a big promise.

Slice 20 Years Off Your Age!

33. Talk about ROI (return on investment).

Hiring the Wrong Person Costs You Three Times Their Annual Salary.

34. Use the "reasons-why" approach.

*7 Reasons Why Production Houses Nationwide Prefer Unilux Strobe
Lighting When Shooting Important TV Commercials*

35. Answer important questions about your product or service.

7 Questions to Ask Before You Hire a Collection Agency... and One Good Answer for Each

36. Stress the value of the premiums.

Yours Free—Order Now and Receive \$280 in Free Gifts With Your Paid Subscription.

37. Stress the goal you can help the prospect achieve.

Now You Can Create a Breakthrough Marketing Plan Within the Next 30 Days... for FREE!

38. Make a seemingly contradictory statement or promise.

Cool Any Room in Your House Fast—Without Air Conditioning!

—Bob Bly

HIGH-PERFORMANCE HEADLINES

The headline is critical, says copywriter Mike Pavlish. "Without a great headline," he says, "you are like the person who brings a knife to a gunfight. Defeated before you even start."

He's right. Despite the fact that a good lead can be responsible for 80% of the effectiveness of any sales piece, headlines can make a huge difference in response.

So let's take a look at 10 of Mike Pavlish's high-performance headlines. (He claims they made him over \$4 million in royalties.)

Headline #1

Natural Discovery Helping Men Over 50 Enjoy a Second Youth, Perform Better Sexually, and Enjoy the Better Health They Had 10-20 Years Ago!

Why did it work? It hits all the hot buttons for selling potency products. The product is natural. It improves sexual performance. And, somehow, it rejuvenates.

I don't think this headline would work today, though. The supplement market is now full of more intriguing and more specific headlines.

Headline #2

The Great Antioxidant Hoax!

Here's Why Today's Popular Supplements Are NOT What You Need to End Your Health Problems, Feel Better, and Live Longer

Busting popular ideas is always an effective way to grab attention.

Antioxidants were the hot topic for many years. Eventually, promotions for them lost effectiveness. (Largely because the products themselves weren't very potent.) By attacking a trend that was dying, Mike created hope that he had something new to say.

Headline #3

This Amazing New "Cell Rejuvenator" Discovery Can Help End Your Pain, Improve Your Memory, End Your Fatigue, Restore Sexual Youth, Shield Your Heart, Help You Live Longer

What I like about this headline is the “cell rejuvenator.” There is something immediately believable about it. And that is a characteristic of many great headlines: They propose something that makes instant sense.

Another thing to notice is that this supplement (presumably a potency pill) promises to do all sorts of other great things.

This is a motif with Mike. He makes the basic promise. But he also makes secondary promises to make the headline stickier.

Headline #4

SPRINKLE YOURSELF SKINNY!

New “Food Crystals” Shut Down Your “Hunger Center” So You Are Guaranteed to Lose Up to 7 Pounds Every Single Week!

This headline borrows from Gene Schwartz’s headline about “rubbing” stomach fat away. Here, Mike is promising you can “sprinkle yourself skinny.” The idea is bizarre. Almost the opposite of instantly believable. But it worked because the image was new.

Also note that the secondary promise is very strong. (“You Are Guaranteed to Lose Up to 7 Pounds Every Single Week!”)

Headline #5

Amazing “Amazon Berry” Proven to Cleanse Your Heart, Help Prostate, Burn Fat, Add Energy, and Boost Your Sexual Performance!

When we teach headlines at Agora, we say that they should follow the Four U’s. They should be:

- Unique
- Ultra-specific
- Urgent
- Useful

This headline gives us all four.

The usefulness of the product is obvious. The core benefit, of course, is that it boosts sexual performance. But it does a lot more. (Again, Mike is piling on the promises.)

“Amazing Amazon Berry” provides some level of specificity and uniqueness. The urgency is implied.

Headline #6

The Amazing Sex Secret of the Most Satisfying Male Lovers in the World! Here’s how you can perform the best sex of your life, regardless of your age or current problems!

*This amazing secret "For Men Only" is dramatically changing men's
(and women's) lives literally overnight...*

Mike once again borrows from a classic headline. The promise is that this pill will elevate the prospect to an elite group. The headline does not make any promises other than improved sexual performance. But Mike makes that promise even more compelling by adding to it with "regardless of your age" and "literally overnight."

Headline #7

Here's Why 99% of Prostate Supplements Do NOT Work Good Enough

I call it "The Great American Prostate Pill Rip Off!"

Here Mike attracts attention by targeting a problem he knows his prospects have. Not prostate enlargement but the fact that most supplements for it don't work very well. By attacking them, he creates credibility for his product.

Headline #8

How This Colon Cleansing Can End Your Fatigue, Pain, Constipation, and

Other Health Problems...

While You Gain More Energy and a Flatter Stomach

"More than 65 different health problems are caused by a toxic colon."

—Royal Society of Medicine of Great Britain

Yet again... many promises in a single headline. Mike clearly believes that this is a trick he can rely on.

Note, too, the reference to the Royal Society of Medicine of Great Britain. Any time you can put a credible source in the headline, it helps. We call this the "halo" effect.

Headline #9

*Announcing a Major Advance in Natural Health for Men 50 and Over... Amazing New "Testosterone
Release Supplement" Skyrockets Sexual Performance, Removes Excess Weight, Gives Energy to Spare,
Ends Prostate Problems, Strengthens Heart...*

Now You Can Feel and Perform Like You Did Up to 20 Years Ago!

*HARVARD MEDICAL SCHOOL, JOHNS HOPKINS, UCLA, and others have reported on the safety and
remarkable health benefits of increased testosterone in mature men*

Same pattern. Lots of secondary promises and credible sources.

Headline #10

The NEW Solution for Fast Joint Pain Relief:

Joint Pain and Stiffness Reduced by 84.1%

Important News for People Suffering From Joint Pain in Their HAND... KNEE... NECK... ELBOW... HIP... WRIST... SHOULDER... ANKLE... BACK

What works here is the specific reference to hand, knee, neck, etc. This is better than saying “joint” pain, which most pain formulas do.

Mike wrote all 10 of these headlines to sell health supplements. But there are lessons here for every headline writer.

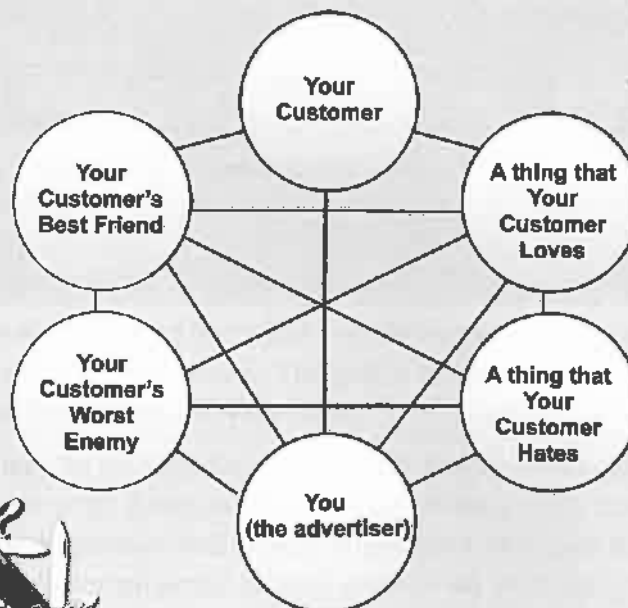
—Mark Morgan Ford

The Swiss Army Knife for Copywriting

The Swiss Army Knife approach to writing copy, developed by Perry Marshall, a \$2,000 per hour consultant, is a tool for systematically—and quickly—coming up with emotionally compelling copy.

It is based on the idea that there are many interconnected relationships in your prospective customer's life. And by mapping them out, you can find dozens of ways to tap into the emotions embedded in them.

Here is one of Marshall's maps—the first of 17 “blades” in his multi-purpose tool. Like an actual Swiss Army Knife, each blade helps you accomplish a different task. In this case, it helps you untangle and organize your customer's complex emotions by mapping out the 12 different relationships that exist between him and five other people and things (including you and your product).



By using this map, you can, for example, get your creative juices flowing. Here's an example:

Jane is a single mother with a sick daughter (her best friend) that she wants to protect and help heal. If there's one thing she hates, it's her lack of medical insurance. If she had insurance, she could afford to take her daughter to a good doctor. The thing she would love most is to find inexpensive natural health remedies for her daughter... if only she had the time to do it.

And here is how Marshall uses these relationships to intensify PPC ads.

Regular PPC Ad

Rhonda Kelloway, LCSW

Need marriage counseling

Call Rhonda Kelloway Today.

www.RhondaKelloway.com

Swiss Army Knife PPC Ad

Two Relationships—Stepmother as worst enemy & children as best friend

The Other Woman: Step Mom

How will you feel when

Your children call her "mommy"?

www.BadMarriageReport.com/prevention

The first example is rational. The second example is stronger because it introduces more of the emotional context of real relationships.

Once you begin to take advantage of the Swiss Army Knife approach, you will discover that other copywriters will be impressed—and mystified—by how you are able to come up with so many powerful ideas.

—Rocky Vega

THE SIX ARCHETYPAL LEAD TYPES

We once worked with a very successful marketer who was famous for his ability to quickly predict how well advertising copy would work. He never spent more than two minutes reading the copy. He'd read the lead word-by-word... and just scan the rest.

We, too, began to concentrate on the lead. And we found that we could predict the success of a promotion with a fair accuracy. We could read the lead and ask, "Does this lead get me excited? Does it make me want to continue reading with a high level of anticipation?"

If the lead makes that happen for you, you can have a high degree of confidence that the promotion will work.

There are six archetypal lead types:

1. *The Offer Lead.* This is a direct appeal that goes straight to deal. Offer leads almost always mention the product, the price, discounts, premiums, guarantees, and other related "deal" elements very early in the lead, if not in the headline. The "Invitation" type of lead that opens by asking the prospect to become a member or try a product is a subtle variation of the offer lead.
2. *The Promise Lead.* This might be the most common type of lead. It's only slightly less direct than the offer lead in that the product usually isn't mentioned as early. But it still opens with the product's best and biggest claim. In a classic "promise" ad, the big promise is in the headline, the first line, and often the last line, too.
3. *The Problem-Solution Lead.* This is the "hot button" approach, where you delay any talk of the product and instead lead off by identifying your prospect's biggest, most emotionally charged and relevant issue. Promises related to the product immediately follow.
4. *The Big Secret Lead.* The "tease" of hard-to-come-by knowledge leads the sales letter. The secret can be a solution, a hidden problem, or, as in many financial promos, a formula or "system" for getting consistently good results. Usually, you get the best mileage out of this kind of lead when the secret is revealed by ordering the product.
5. *The Proclamation Lead.* Decidedly indirect, a proclamation lead seeks to jar the "unaware" prospect out of his seat. Maybe with a factoid that's just incredible, maybe with a shocking future forecast or prediction, or maybe with a bold statement. The goal is to disarm the prospect just long enough to work your way back to the product and your pitch.
6. *The Story Lead.* This may be not only the most indirect way to open a sales letter, but also one of the most consistently powerful. Everyone loves a story. What's more, stories can engage prospects who don't know you or the product well or who might flinch at a more direct, unbelievable claim. Testimonials, guru bios, historical proof, or track record—all yield Story Leads. Just make sure to tell the story quickly and keep it in context of the bigger promise/core idea of the promotion.

Okay. Those are the basics. Now let's go into more detail...

The Offer Lead

The Easiest Type of Sales Lead You'll Ever Write—or Your Money Back

Offer leads can be that simple.

Or they can get more sophisticated.

To understand why, first you've got to understand what we mean by the "offer." The offer is how you close every sales letter. There is no such thing as a sales letter without an offer that lays out exactly what's for sale and what the buyer gets in return.

Usually, the offer shows up close to the end of the copy. And the product might not get mentioned until sometime after the lead. But with an offer lead, you lift the curtain on your offer right up front. This is what makes the offer lead the most direct of all the lead types.

That said, even something as innately appealing as a good deal can be made even more effective in the hands of a good copywriter.

Most successful offer leads follow a similar formula. It goes like this...

1. Immediately focus on the most emotionally compelling detail of your offer.
2. Underscore the most valuable benefit of that deal.
3. Elaborate on that same deal-benefit in the lead that follows.
4. At some point, include a compelling "reason why" you're offering that deal.

Each part of the formula is important. But the last part, the "reason why," is an element that many copywriters overlook.

The "reason why" could be almost anything, depending on what you're selling and the context in which you're selling it. Maybe supplies are short. Maybe there's an upcoming event that makes your offer time-sensitive.

But in each case, you must offer your prospect something to answer the inevitable question he will have in response to an offer that sounds too good to be true: "Okay, that sounds great. But what's the catch?"

A good "reason why" helps erase that last bit of resistance.

There may actually be a catch attached to an offer lead. If there is, you should either reveal it or hint at it early on. And make sure you explain it thoroughly before you ask for the final sale.

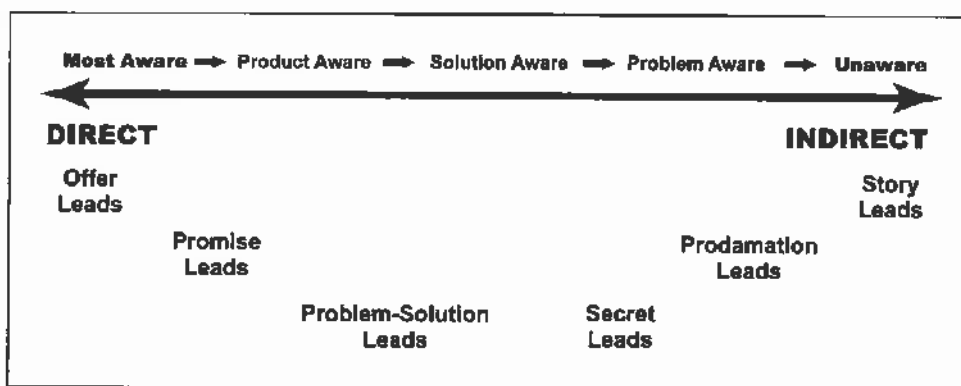
Why?

First, because it's good business not to try to "put one over" on your prospect. But also because the "catch" should be something that's a positive for him.

For instance, the catch of a gift-driven offer might be that he has to buy something to get it... but the free gift is even more valuable than the product he has to buy. Or the catch might be that you have only a limited supply of the product... and when they're gone, they're gone. So to be one of the limited number of people to get it, he has to act fast.

When Should You Use an Offer Lead?

The "most aware" prospects tend to respond better to direct leads. "Unaware" prospects often respond better to indirect leads. You can see this in the awareness curve below.



Since the offer lead is the most direct lead type, you will want to use it for products that are easy to explain and for prospects who already know something about you, what you're selling, and even the market value of what's for sale.

Your "most aware" prospects are those whose trust you've already won. Or, at least, they are those who already know what they want. And if you're offering it, they're already prepared to buy. They are emotionally open to hearing about what you have for sale.

In fact, the more aware and open the prospect, the simpler that up-front offer can usually be.

What to Test in Offer Leads

What's the best detail to test in an offer lead?

Your "most aware" prospects will respond well to price—a discount or a last-chance before a price hike.

Slightly less aware prospects might need an extra push to get over that hump of indecision. They're likely to respond well to a free or almost-free trial offer, extra gift premiums, or an extra-strong guarantee.

Anything you can test in a regular offer at the end of a sales letter you can test in an offer lead.

The Promise Lead

Cash If You Die, Cash If You Don't

According to our friend Drayton Bird—who has written copy for Ford, American Express, and Procter & Gamble—that headline was one of the most successful ever in the insurance industry.

We believe it. That's quite a promise, isn't it?

And as ad giant David Ogilvy said, "Headlines that promise to benefit sell more than those that don't."

That's why, as our friend Clayton Makepeace pointed out to readers of his *Total Package* blog:

These days, you won't find many ads of any type—at least not successful ones—that lack a promise of some kind, either stated outright or implied. And almost always right there in the lead or, just as often, in the headline.

Often, all you need to do is remove the extra elements to unearth the pure promise hidden underneath. So you really have to know how to identify and write strong promises to create any other kind of successful lead.

What to Promise

"Advertising works best," says Drayton, "if you promise people something they want, not—as many imagine—if you are clever, original, or shocking."

The core promise in any ad is a statement of intention. "If I read this," your prospect thinks, "what do I get in return?" You, in your promise-driven copy, answer that question. If they like your answer, they'll stick around to buy what you're selling.

So, what's the most relevant promise you can make to your reader?

Ads promise all kinds of things. To make you thin or bulk you up. To make you stronger, younger, fitter, and faster. To teach you to do something you've always wanted to do. Or to make something easier than you ever thought it could be.

The most effective promise leads give your prospects a sense of how they'll feel about themselves while using your product, or (sometimes more important) how they'll be seen by others.

So Where Do You Start?

To come up with a promise lead, most copywriters start by studying the product to figure out what it does best. Simple.

This is an approach connected with one of the most successful product pitches in history.

Forrest E. Mars, the son of a candy maker, found the inspiration for his breakthrough product in the 1930s—in the field kits of soldiers fighting in the Spanish Civil War. It was a tiny pellet of chocolate covered by a candy shell. The chocolate gave them quick energy. The shell kept it from melting under harsh conditions.

Back in the States, Forrest patented his own formula for the candy in 1941 and M&Ms were born. During World War II, they were sold mostly to the military. U.S. soldiers liked them for the same reasons that they were so popular with soldiers in the Spanish Civil War.

Forrest then turned his attention to selling M&Ms to the general public. And he hired a copywriter named Rosser Reeves to help him do it.

Reeves was already a success at the time. He was both copy chief and vice president of his own agency in New York. But when he sat down with Forrest Mars to talk about M&Ms, he listened and took notes like a first-year copywriter.

“He was the one who said it,” Reeves claimed about M&Ms’ famous Unique Selling Proposition. “He told me the whole history and then I pressed him and he said, ‘Well, the thing is, they only melt in your mouth, but they don’t melt in your hands.’”

That was all Reeves needed to create a winning ad campaign.

Within four years, Mars was selling one million pounds of M&Ms per week.

To Find the Promise, Find the USP

Reeves, you may remember, is the one who came up with the concept of the USP. When he wrote about it in his book *Reality in Advertising*, he was, in effect, giving us a formula for the promise lead.

For Reeves, the USP starts with the product. Because the product must be able to do what you say it can do.

The first part of the formula is that the USP must state a benefit that people are willing to pay for.

The second part of the formula is that the benefit must be unique—something the competition can’t or won’t do.

And the final part of the formula is that it must have an emotional appeal. In other words, it must tap into a desire for something your target market already wants.

With the promise lead, the more accurately you can hit your prospect’s core desires, the more effective it will be.

Can a Promise Be Too Big?

Short answer: Yes.

A promise can be so hard to believe that it can be... unbelievable.

So what do you do when you have such a promise?

One way to derail the skeptics is to acknowledge the reason for their skepticism before they have a chance to do it themselves. You might, for example, turn your giant claim into a question. Instead of saying *Grow \$500 Into \$8.4 Million!*... you'd say *Can You Really Grow \$500 Into \$8.4 Million?*

The risk, of course, is that you won't be able to deliver on a promise that's too big. That won't happen if you always make promises you can prove. Promise leads demand airtight credibility. That can be in the form of testimonials or anecdotes, clear metaphors, case studies, charts, and powerful statistics.

When you're targeting a prospect who's just barely sitting on the fence, almost ready to buy but just waiting for that extra nudge, a simple, direct promise lead can be an excellent tool. Just remember... far more important than the size of the promise is how meaningful it will be to your prospect.

The Problem-Solution Lead

What keeps your prospect up at night?

In countless seminars and training sessions with new copywriters, it's a question we've asked often. Because once you identify that one big worry, you could have the makings of a blockbuster pitch in the form of this next lead type.

With our first two—offer leads and promise leads—you're targeting prospects who will respond best to a direct approach. They're so in tune with what you're selling (or at least with what they want) that you don't need much to gain their trust or attention.

But when worry outpaces everything else in the prospect's mind, you need an interest-grabber that's less direct.

Problem-solution leads are a little harder to write than promise leads or offer leads because you first need to make it clear to the prospect that you understand their concerns. Once you do that, the door opens.

Writing an effective problem-solution lead can be as simple as identifying the problem and offering the product that solves it. But it's usually a little more complicated than that. It goes something like this...

1. You identify a worry that's keeping your prospect up at night.
2. You make sure it's a worry that carries deep emotional weight.
3. You stir those emotions first, to prove that you empathize with your prospect's pain.
4. Then you offer hope: your product.

How long do you focus on the problem before moving on to the solution? As long as it takes to win your prospect's commitment to read on. For simple products that solve simple worries, it might happen as early as right there in your headline. For more complex solutions to more complex problems, you might have to hold off a little bit longer.

Some of the most successful problem-solution leads are written in the form of a question. Here's one from the great Madison Avenue copywriter Maxwell Sackheim:

Do You Make These Mistakes in English?

Questions work well in problem-solution leads because they jumpstart the mental conversation with your prospect. Once they answer “yes” to what you’re asking, it’s tough for them to quit reading.

Identifying Which Problem to Focus On

It’s easy to imagine the practical, superficial problems most people share: pounds they want to lose, stained teeth and wrinkles, a nasty smoking habit worth quitting, pain that lingers. All of them, and more, are obvious obstacles to the good life.

But behind these problems run deeper feelings, including some even your prospect would find challenging to name. **And in** problem-solution leads, you consistently get more bang for your buck if you can tap these “core emotions.”

The best way to identify your prospect’s core emotions is to spend time “talking” to potential prospects for whatever you’re selling. Read their posts on online forums. Meet them where you can and get them talking. Record what they’re saying—if you can get their permission and don’t think it will change the way they respond.

Listen for the patterns, especially those things they don’t realize they’re saying and repeating. That’s where they reveal their deepest concerns.

The Secret Lead

The secret lead has become the dominant lead type in the information publishing industry. But it can be used to sell just about any product or service. In the past five years alone, it has been responsible for more than a billion dollars’ worth of sales.

The purpose of the secret lead is the same as any lead: to grab the prospect and get him to keep reading until the prime benefits and Unique Selling Proposition of the product are fully presented.

Bill Bonner explains its power this way:

The Secret Lead really connects to a deep instinct in people to feel that there are secrets to things, that the things that you know and are obvious to everybody don’t give you any edge. What everybody knows is what everybody knows. And once you know what everybody knows, you’re just like everybody else.

How Do You Come Up With the Secret?

Sometimes, you can find a secret that’s already in the product. You can also take one of its benefits and neologize or transubstantiate it into a secret. That is, you take something familiar, rename it, and reposition it so it seems new and secret.

Let’s say you are writing copy about a natural supplement with eight ingredients. You might decide to lead

with the one that is relatively unknown. By focusing your copy on an unusual ingredient that the prospect hasn't heard of before, you intrigue him. At the same time, you eliminate the possibility that he might think, "Oh, I've tried that. It doesn't work for me."

In taking this approach, you would start by making a list of all the qualities, characteristics, and components of your product and ask yourself which, if any, is not well-known. You would then decide if the benefit provided by that little-known quality, characteristic, or component is enough to drive the lead. If it is, you have a good secret to work with.

The Basic Rules for Writing a Strong Secret Lead

- The secret must be intriguing and beneficial.
- Find something about the product that your prospect doesn't know or describe something he does know in a new way.
- Tease him with the secret by introducing it in the headline.
- Continue to provide "clues" along the way. But do not disclose the secret until the prospect is emotionally ready to buy.

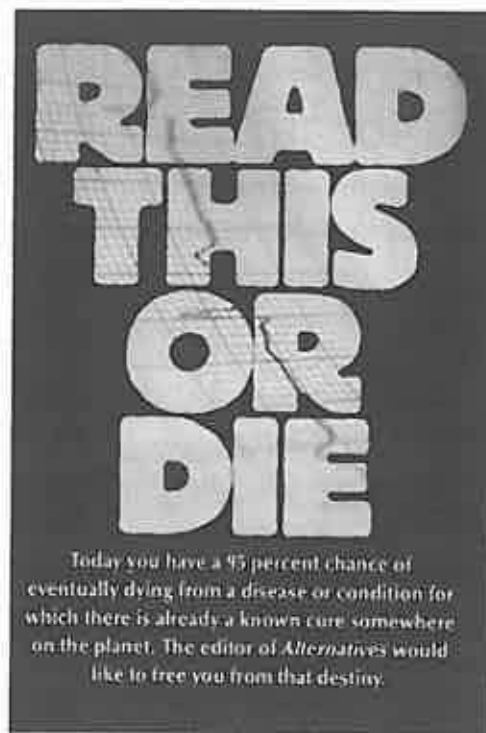
The Proclamation Lead

A well-constructed proclamation lead begins with an emotionally compelling statement, usually in the headline. In the copy that follows, the prospect is given information that demonstrates the validity of the implicit promise made.

Good proclamation leads read like newspaper stories—tabloid newspapers, sometimes, but newspaper stories nonetheless. The prospect's rational brain might realize that he is reading a sales pitch. But his emotional brain is so taken by the story that he reads on with eager anticipation.

The proclamation lead gets a lot of its strength from taking the reader by surprise. The statement in the headline must be relevant, but it has to be something pushing the envelope of the incredible. Ordinary statements are too easy to pass over.

Let's take a look at an excellent example from a promotion for a health product...



The headline—*Read This Or Die*—does a great job of grabbing the prospect's attention. Imagine reading it... and then **reading** the subhead and learning that you have a 95% chance of dying from a curable disease.

But the job of a good proclamation lead is not just to startle but also to excite and to tempt. And this headline accomplishes both of those important goals with a few simple words: "for which there is already a known cure somewhere on the planet." This gets the prospect thinking, "Gee, if this statement (about having a 95% chance of dying from a curable disease) is really true, I'd better find out more."

How to Write a Proclamation Lead

- **Make the proclamation big and bold.** A proclamation lead **must** not only grab attention but also stir up thoughts and excite emotions. It doesn't have to be sensible. In fact, you should make it contrary to the point of being startling.
- **Make—or at least imply—a promise.** In the "Read This Or Die" example, the implied promise is that the prospect can find a cure for a disease that conventional medicine has yet to overcome. The prospect himself immediately inverts the message to "If I read this, I won't die."
- **Make it relevant to the prospect.** The promise must address something the prospect cares about. It must also be something the prospect desires.
- **Return to the proclamation at the close.** Emphasize the main point of the proclamation in any sales premiums you offer and in the wording of the guarantee. You can even connect the guarantee to the proclamation: "If you're not happy with the product or if what I'm telling you simply doesn't play out the way I've described, you can send in for a full refund..."

One Last Thing...

Proclamation leads, more than other leads, depend on efficiency for success. Usually all the power is contained in a single declarative sentence. Since it's just one sentence, you might think proclamation leads would be easy to write. In fact, they can't really be written at all. They have to be found.

Great proclamation leads almost always come from research. The trick is to stay alert for "amazing" facts as you are doing your reading. When you find something that strikes you as remarkable, write it down.

The Story Lead

Of the six archetypal lead types, there is none more powerful than the story. Stories work because they allow the reader to experience some event in a very visceral way.

The classic story lead is structured like this:

- The hero of the story, an ordinary person like your prospect, attempts to do something extraordinary.
- People doubt him.
- He proves them wrong.

There are countless ways to apply this structure.

Some argue that our brains are wired to respond to stories. Stories, in and of themselves, are compelling. But they certainly convey information in a way that is easy to remember. This has made them an important part of every culture. Long before the printing press was invented, people used stories to communicate important lessons to their offspring. *The Iliad*, *The Odyssey*, and *Beowulf* were stories that inspired and educated their respective cultures. And what is the Bible—Old Testament and New—if not a collection of stories?

When you employ a direct lead—an offer lead, a promise lead, or a problem-solution lead—the reader recognizes you are trying to sell him something. Since he doesn't want to be sold, he will emotionally resist the sale, even as he feels it tugging at his heartstrings.

With indirect leads, the reader is not so aware of the selling. When he reads a secret lead, he's compelled to read on because he wants to discover the secret. The same is true with the proclamation lead. And it is true, most of all, with the story lead.

If the story is told well, the prospect forgets—almost immediately—that he's reading an advertisement. And thus he forgets, at least for the moment, that he is being sold. His emotions are tied up in the story itself. There is a problem and he wants to know how it will be resolved. He will read it with the same emotional openness he has when he reads a novel or watches a movie. His "advertising" defenses are down. Way down. This is a huge advantage for the copywriter.

—Mark Morgan Ford and John Forde

PERSUASION SECRETS OF THE TOP MARKETING PROS

I'm working on a major book, *The Persuasion Manifesto*, a compilation of the most successful techniques for writing persuasive copy that were ever developed.

My primary research method is to email direct marketers I know who consistently achieve superior response rates and ask them how they do it. My secondary research is a careful study of the few dozen marketing and psychology books every direct marketer should read.

Here are some of the best techniques I've collected so far.

The "So What" Test

After you write your copy, read it and ask whether it passes the "so what" test. Copywriter Joan Damico explains: "If, after reviewing your copy, you think the target audience would just respond with 'so what,' keep rewriting until they'll say something like, 'That's exactly what I'm looking for. How do I get it?'"

The Key Copy Drivers

Make sure your copy hits one of the key copy drivers defined by Bob Hacker and Axel Andersson: fear, greed, guilt, exclusivity, anger, salvation, or flattery. "If your copy is not dripping with one or more of these, tear it up and start over," says Denny Hatch in *The Secrets of Emotional, HOT-Button Copywriting*.

The Drop-in-the-Bucket Technique

"You have to show that the price you are asking for your product is a 'drop in the bucket' compared to the value it delivers," says copywriter Mike Pavlish. This is a function of product quality, not just copywriting, adds information marketer Fred Gleeck. "Produce a product that you could charge 10 times as much for," he says. "If you really have a product that is so much more valuable than the price you're charging, it becomes much easier to sell it hard."

Know Your Audience

"My way to be persuasive is to get in touch with the target group by inviting one or two to dinner for in-depth conversation," says Christian Boucke, a copywriter for Rentrop Verlag in Germany. "I also call 15 to 40 by phone to get a multitude of testimonials and facts, and I go to meetings or exhibitions where I can find them to get a first impression of their typical characteristics. Ideally, I keep in touch with some of them for years. By doing this, I get a better understanding of their true underlying key motivations."

Write Like People Talk

"Write like you talk," says Barnaby Kalan of Reliance Direct Marketing. "Speak in language that's simple and easy to understand. Write the way your prospects talk."

Be Timely

"Pay very close attention to goings-on in the news that you can and should link to," suggests Dan Kennedy in his *No B.S. Marketing* eletter. "Jump on a timely topic and link to it in useful communication with present clients, in advertising for new clients, and in seeking media publicity."

Lead With Your Strongest Point

"When I review my writing or the writing of others, I find the most potent point is almost always made in the last line," says John Shoemaker. "So I simply move it to the first line. Instant improvement."

The "Tremendous Whack" Theory

"I employ Winston Churchill's 'Tremendous Whack' theory," says copywriter Richard Perry. "If you have an important point to make, don't try to be subtle or clever. Use a pile driver. Hit the point once. Then come back and hit it again. Then hit it a third time—a tremendous whack."

Build Credibility With Your Reader

"In my experience, the number one key to persuasion is this: Communicate trust," says copywriter Steve Slaunwhite. "If you do this well, you at least have a chance at engaging and persuading the reader. If you don't do this well, however, no amount of fancy copywriting techniques will save you."

Don't Use an "Obvious Lead"

Instead of writing your lead as if you are just starting to talk to the customer, says Bryan Honesty, write as if you were already engaged in a conversation and are just responding to her last statement. Examples: "You have the gift. You just don't know it yet." "You can't quit on your dreams now." "So why is it so hard for you to lose weight?"

—Bob Bly

Promises, Claims, and Proof Dissected

Wisconsin Paper Mill Worker uses "Pinchot Retirement Plan" to collect \$18,850 in one day

Headline

Lead

There's a new way to retire worry-free in America.

Instead of working well into their 60s and 60s, a small group of Americans have discovered a unique "Retirement Plan" (made possible by a former Governor and U.S. Presidential Advisor), which could pay you thousands of extra dollars per month, on either what your age or income.

The Los Angeles Times says to consider it if you are looking for an investment that keeps growing, regardless of recession or stock market turmoil.

Indirect Promise — The reader is intrigued by some novel way to get a lot of cash in a single day. He wants to read on to see what the "Pinchot Retirement Plan" is about.

Claim — The subhead asserts that the Pinchot Plan is new. This excites the reader and makes her wonder, "Why haven't I heard about this before?"

2nd Claim — People are already using this. It must be real.

3rd Claim — The plan was initiated by a congressman. That can be verified. This must be real.

4th Claim — An endorsement from a credible source makes yet another claim. This plan is unaffected by market swings.

Story Lead — very appropriate for an indirect headline.

1st Proof — Already in the lead, we have the first proof, indicating the \$18,850 claim.

2nd and 3rd Proofs — support for the 2nd claim that others are already taking advantage of the "new" plan.

5th Proof — This is a testimonial from the author of the plan.

5th Claim — This tells the reader that the plan is "perfect" for her.

Proof of the 5th Claim — That the plan is perfect for investors.

7th Claim and Proof — Very superior credit score makes a claim of soundness. The author is impressed.

Lead

2nd Proof — This too is direct. Copy continues from third-paragraph to second-paragraph ("Yes").

Expanding of Author's Argument

6th Claim and Proof — This is an analogy. Since it's also a question, it's a question. It's both a claim and a proof of claim in a single sentence.

3rd Proof — This one comes from the author of the plan.

You could have collected \$63,834 in dividend payments over the last 2 years

8th Claim — This very specific claim (\$63,834) is bigger than the first one (\$18,850). That tends to increase credibility. The expanded reader expects you to put the biggest claim first, listing it last would lower credibility and indicate that the author is believable.

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**How "The Flashed Plan" can
pay for your retirement**

My name is [redacted], former [redacted]. It's a beautiful new investment "vehicle" although I've been told it's the "flashed plan."

I agree the flash plan is a beautiful new vehicle of the "flashed plan."

Right out of college, I got a job as a [redacted]. I covered pretty much everything a [redacted] has to do to help his clients make money. We do things you may not know.

My main job was making sure a client's money was safe, and I was responsible for the [redacted] in the [redacted] market. I was out there for a lot of years, and I had to learn several things that my clients had to know to be successful.

One of the things that I learned was that the [redacted] market is not as simple as it seems. I learned a lot of things, and I learned that the [redacted] market is not as simple as it seems. I learned a lot of things, and I learned that the [redacted] market is not as simple as it seems.

In about 5 years, I had a lot of money, and I was able to take the [redacted] of my [redacted] and put it into the [redacted] market. I was able to do this because I had a lot of money, and I was able to take the [redacted] of my [redacted] and put it into the [redacted] market.

I think it's a great idea to put your money into the [redacted] market. It's a great idea to put your money into the [redacted] market. It's a great idea to put your money into the [redacted] market.

If you think of it that way, you can see that the [redacted] market is a great idea. It's a great idea to put your money into the [redacted] market. It's a great idea to put your money into the [redacted] market.

It was my intention to give the [redacted] market a good name. I was able to do this because I had a lot of money, and I was able to take the [redacted] of my [redacted] and put it into the [redacted] market.

This [redacted] market is a great idea. It's a great idea to put your money into the [redacted] market. It's a great idea to put your money into the [redacted] market.

One day, I learned that people who put their money into the [redacted] market were making a lot of money. I was able to do this because I had a lot of money, and I was able to take the [redacted] of my [redacted] and put it into the [redacted] market.

By putting in [redacted] money, I was able to see that the [redacted] market is a great idea. It's a great idea to put your money into the [redacted] market. It's a great idea to put your money into the [redacted] market.

So that was the [redacted] idea. It was a great idea to put your money into the [redacted] market. It's a great idea to put your money into the [redacted] market.

The Offer — The offer is a beautiful investment vehicle that is a beautiful new investment vehicle. It's a beautiful new investment vehicle that is a beautiful new investment vehicle.

1-800-Call — This is a beautiful new investment vehicle that is a beautiful new investment vehicle. It's a beautiful new investment vehicle that is a beautiful new investment vehicle.

The Problem — This is a beautiful new investment vehicle that is a beautiful new investment vehicle. It's a beautiful new investment vehicle that is a beautiful new investment vehicle.

Another Investment — This is a beautiful new investment vehicle that is a beautiful new investment vehicle. It's a beautiful new investment vehicle that is a beautiful new investment vehicle.

How the "Flashed Plan" works — This is a beautiful new investment vehicle that is a beautiful new investment vehicle. It's a beautiful new investment vehicle that is a beautiful new investment vehicle.

How the "Flashed Plan" works — This is a beautiful new investment vehicle that is a beautiful new investment vehicle. It's a beautiful new investment vehicle that is a beautiful new investment vehicle.

—Mark Morgan Ford

CHEAT SHEET FOR PRODUCING QUALITY NEWSLETTER LEADS

I've jumped out of an airplane from three miles up.

I've ridden a motorcycle at 150 miles per hour.

I once got into a fight with a guy who is 6'4" and 280 pounds.

None of those things scared me as much as something I often experienced as a new writer. You may know the feeling: **Under deadline...** staring at a blank piece of paper... and no idea what to do for a lead.

It was **frustrating**. My brain would lock up. It was like trying to finish a puzzle but being unable to even get two pieces together. I wasn't being productive. I wasn't earning my paycheck. It created more anxiety for me than jumping out of an airplane.

Now, I'm known for my ability to produce a quality newsletter lead in the time it takes to brew coffee.

It took a lot of work and practice to develop this ability. But there's also a secret behind it...

While my leads might seem creative, they are the result of a formulaic process. Whenever I'm stuck, I run through my "cheat sheet" of all the possible leads I can use.

If you occasionally get "lead anxiety"—like I did when I was starting out—I hope the following makes the process a little easier... and helps you produce terrific leads.

The Boots-on-the-Ground Lead

The first and best option for the lead is ALWAYS the boots-on-the-ground approach. It's "I'm here... I'm watching this... I'm experiencing this."

A lead that details how you experienced (or talked to someone who is experiencing) what you're writing about will always be more interesting than a lead based on a newspaper article. Boots-on-the-ground storytelling and sharing local insight is part of the ultimate newsletter experience.

With the "I was there" approach, maybe your lead...

- Starts with a discussion you had in Mongolia with a fund manager who focuses on Mongolia
- Starts by describing the yellow eyeballs you noticed on a logger while touring timber properties in the

Pacific Northwest

- Starts by describing a port you visited... or a mine you visited... or a drill rig you visited... or a research facility you visited... or a huge construction project you visited... or a real estate development you visited... or a farm you visited

The key ideas here are YOU and VISIT.

Get out there and travel. Talk extensively with folks who are living through what you are writing about.

(If you can't work in a trip focused on the area or sector you are writing about, consider calling up a trusted contact... and detail his boots-on-the ground experience. This can be almost as good as traveling there yourself.)

When it comes to high-quality newsletter writing, there's a direct connection between your feet and your hands: Get your boots on the ground. The leads will flow from your fingers.

Tom Dyson was the ultimate gonzo "I was there" newsletter guy.

Here's an example of his work:

May 23, 2007

Tom Dyson, The Palm Beach Letter

Meltdown In Motor City

MapQuest can show you the fastest route... and the shortest route. But it doesn't warn you about bad neighborhoods...

I'm in Detroit to investigate the real estate meltdown this week. Last night, I had a dinner appointment with six Detroit businessmen. Roma Café was only two miles from my hotel, and I figured I'd see more with my boots on the ground, so I walked... taking the direct route MapQuest suggested.

Detroit is a bit like Baltimore. You can find yourself in a slum only a couple of paces off the main road. I was walking along when I started to notice lots of empty drug baggies scattered along the sidewalk. I looked up and saw a small gang of hustlers hanging out on a nearby doorstep. I felt them pointing at my chinos and Timberland shoes, so I stepped up the pace.

In the end, everything was fine, although I did glance over my shoulder a couple of times. When I told the guys at the restaurant that I walked, they looked at me as though I were lucky to be alive and told me not to walk around Detroit anymore.

Anyway...

The businessmen I ate with confirmed my theory... that Detroit is a contrarian utopia.

Four of the men were straight investors. They called themselves "slumlords." They buy property

on the auction block, "rehab" it, and then rent it out or sell it. They also run property management companies and help people get title insurance and mortgage loans...

Pretty good, right? But, you can't spend all your time on the road.

You'll eat too much junk food and your wife will divorce you. And if you're an absentee father who spends all of his time at Mongolian timber research facilities, your kids are sure to seek a life of drugs and violent crime. Or worse, enter politics.

It's also worth noting that many great newsletter leads didn't involve travel. They involved history... or colorfully explained a great idea... or just told a darn good story... or just slapped readers in the face with an extraordinary claim.

Let's go through those one by one...

The History Lead

I love a good history lead. They can be just as engaging and entertaining as boots-on-the-ground leads. They tell stories.

This is my second-favorite lead option.

Porter Stansberry is great at history leads. This is because he reads and knows a lot of history. If you want this arrow in your quiver, you have to do the same. You have to read lots and lots of history. Build up your database.

The key to a great history lead is making sure it ties in well with the issue's main idea. If it doesn't tie in well with the rest of the issue, it will turn out badly.

Here is one example:

November 7, 2008

Porter Stansberry, Stansberry's Investment Advisory

This Is It

Folks kill themselves at market bottoms.

A security guard found him. He was sitting behind the wheel of his yellow Hummer, on the third level of a Dillard's parking garage at the huge Memorial City Mall in Houston. On October 22, he'd put a 12-gauge shotgun in his mouth and blown off most of his head. His name was Robert Chaney.

He was perhaps the most successful Texas wildcatter of his generation. He founded Paramount Petroleum Co. in 1986, just as the oil business was beginning to emerge from the horrendous bear market of 1985. From 1989 to 1993, Chaney made 30 major oil and gas discoveries—some of which were very large. He sold the firm shortly thereafter and began collecting contemporary art, becoming

one of the top collectors in the entire world. He also founded a new company, R. Chaney & Co., which was a major investor in junior resource companies. Those stocks have been wiped out over the past six months.

Karl Hill was an exceptionally well-educated small-town banker from Monroe County, Georgia. Over the last four or five years, he'd become something of a celebrity to the junior mining stock crowd. Figuring he'd never be able to sort out the wheat from the chaff in the hundreds of Canadian junior resource stocks, he did the only thing that made sense to him: He bought them all. His timing was impeccable... on the way in. He built a huge position at the market bottom in 2001. By 2005, he had made an incredible fortune. And he was a yearly guest speaker at the most prestigious investment conference in New York each spring, Grant's.

At those events, he was the most popular man in the room—a rural banker from Georgia holding court at the St. Regis Hotel in New York City. It was as obvious a sign of a market top as I'd ever seen.

The day before the most recent lowest closing price of the Gold Bugs Index, Karl Hill shot himself in the head.

I know firsthand how painful and devastating suicide can be to families and friends. I'm not celebrating these deaths, which are horrible tragedies. But like it or not, this is what happens at the bottom of a bear market. Bear markets can't end until the last bull gives up.

And some of those bulls inevitably go out on their backs.....

As you can see, Porter is great at making the connection from a historical story to what is going on right now.

The Strong Claim Lead

This is where the writer comes out swinging... and hits you in the face with a strong claim.

Frank Curzio and I did this in the following example.

June 3, 2010

Frank Curzio, Phase 1 Investor

The Most Incredible Gold Exploration Company on Earth

After 15 years in the investment advisory business, I think I've seen or heard every crazy mining-stock claim that could possibly be made.

Since most Phase 1 readers are experienced traders, you've probably been around long enough to see some wild ones as well: "Biggest gold strike since the California gold rush"... "Penny stock controls more than \$6 billion in uranium"... "The Pharaoh's Gold!"

I'm also sure you know most mining speculations—especially ones with incredible stories behind

them—don't work out. It's one of the world's most extreme forms of high-risk/high-reward investing... and it draws the world's most extreme stock promoters. As Mark Twain once said, "A gold mine is a hole in the ground with a liar on top."

So... it's with years of skepticism that I'm making a bold claim:

This month's recommendation is the most incredible gold exploration company on Earth.

If this company's discovery was made on U.S. soil, it would be on the cover of every major newspaper in the country. The field is almost 2,000 square miles in size... about nine times the size of Chicago. It also sports some of the richest gold ores ever found.

The potential production from this mine has drawn the interest—and money—of three of the world's largest mining companies... and one of its most successful resource investors. It's as if Microsoft, Oracle, and IBM all took a stake in a tiny tech company.

Around the office, we've nicknamed the asset this company is set to mine "Gold Sands"... after the trillion-barrel petroleum deposit popularly known as the "Canadian oil sands."

But this month's recommendation—our Gold Sands company—does not mine in Canada. And unlike the Canadian oil sands deposit, this company's asset is not on land.

This company is going to mine gold from the ocean....

We could look at several Porter classics for additional examples of the strong claim lead. His "Will You Buy Enough" lead from the March 2006 PSIA was fantastic. But the ALL-TIME GREATEST strong claim lead is this one:

November 5, 2004

Porter Stansberry, Stansberry's Investment Advisory

The Single Best Stock of 2005

How to Make 21 Times Your Money, Safely, on A Single Stock

I know it sounds preposterous.

Your friends will laugh at you when you try to explain it... in the same way you're probably scoffing at my headline right now, "21 times your money... that's ridiculous..."

Yes, quite so. In fact, not only is it ridiculous, it's a wonderful financial paradox, too: the dogs and cats of finance living together.

In this case, the dogs are the managers of the world's most renowned deep-value mutual funds, who seek cheap, underutilized and undervalued assets that offer only one obvious quality: Safety. And the cats are the movers and the shakers of high-tech, high-risk and hopefully high-return "growth funds."

Cats have nine lives. They need them to survive the ups and downs of their "development" stage investments that suffer from every form of financial risk man has ever devised.

What you would not expect to find, no matter what your financial persuasion, are the top dogs and the most aggressive cats holding large stakes of the same stock simultaneously. And yet, like kissing cousins, this twisted obscenity is what we find this month... and what we find too compelling to turn away from... even though the lunacy of it all inspires us to write a headline as absurd as the words above.

In this case, the cats are going after the single most important biotechnological innovation since 1989, when Amgen's EPO received FDA approval making cytotoxic cancer therapies much more survivable. And the dogs are buying a firm whose shares recently traded at a 50% discount from its secondary offering price, and at a 25% discount to its replacement value. In other words, what professional venture capitalists were willing to pay \$10 for, you could now buy for only \$5.

What is, by far, the most important new medical technology I've ever found is now selling at a price that's attracted investors who will only buy what's extremely safe. I've never seen this happen before. Happily, it couldn't have happened at a better time.

I've spent the last four years of my life working on the research I'm going to share with you today. It's fair to say that I've spent more time working on this project than any other research—and on any other stock—I've ever conducted. And I'm absolutely convinced: This is the single best opportunity I've ever found in my entire career as an equity analyst.

I truly expect to make 21 times my money on this single stock—with the foundation of these gains to occur in the next year. But, believe it or not, it's not the giant potential return that's made this stock my single largest speculative investment ever...

I remember reading that for the first time. I couldn't wait to buy that stock. I know several people who bought a lot of it because the lead was so good.

The Timeless Wealth Idea Lead

This lead is hard to describe. It's hard to pin down what a timeless wealth idea really is. You just know it when you see it. Basically, it teaches a valuable lesson... and does it in an entertaining way.

Dan Ferris did a great job of it in the lead below.

March 2, 2012

Dan Ferris, Extreme Value

Shopping Trumps Politics

Why betting on great businesses is smarter than betting on governments, inflation, and taxes

The key to investment success is not a technique or a strategy.

It's not position sizing, trailing stops, options, having inside information, or owning World Dominators. It's not even the ability to value a business (a skill without which you're guaranteed to lose money in stocks).

The key is not "buy low, sell high," or "be greedy when others are fearful and fearful when others are greedy"... though both adages will certainly help.

The key to investment success is a simple, powerful core belief that underlies the successful deployment of all the techniques, strategies, and ideas listed above.

Holding this belief is what allows you to buy when stocks are down and everyone is scared... and sell when stocks are overvalued and everyone is complacent.

To succeed in the stock market, you must believe that shopping trumps politics.

"Shopping trumps politics" is the simplest (and maybe the crudest) way to label the key to stock market success. That key is to realize that what happens in the business world is more important to your daily life and the daily lives of everyone in America than what happens in the White House or the Capitol.

The amount of shopping for hamburgers at McDonald's is more important than the debt ceiling debate. The amount of shopping for beer at the local convenience store is more important than any contest for the Republican presidential nomination. And the number of shoppers occupying the aisles of Target and Wal-Mart is more important than the number of protestors occupying Wall Street.

Despite all the hysteria you see on the news and read in the newspaper... shopping will always trump politics.

I'm obviously using the word "shopping" to represent all private economic activity. Consumer spending is the biggest part of GDP... so... it's all about shopping!

The key with these leads is that they teach a valuable lesson... and they do it in an entertaining way.

Tip: When you write about the timeless wealth idea, keep reminding the reader why the idea is so valuable. This will compel him to pay attention.

The Tell-Your-Readers-They-Are-Winning Lead

Sjug is good at this. Many of his leads highlight how his approach is helping his readers make money. Then he tells them that the current issue has a similar idea that will help them make more money.

Here is an example of Sjug making it work:

October 2009

Steve Sjuggerud, True Wealth

The Hard Trade Is the Right Trade

We've earned exceptional returns this year in True Wealth—safely—by making the "hard" trades.

If you take nothing else away from this month's issue, please burn this statement into your brain:

The hard trade is the right trade.

That is one of the great secrets to huge profits. So you can see this in action, let's take a quick look at our trades this year. And then we'll figure out what the "hard trade" is right now...

When the bond market was at risk of imploding, we made the hard trade and got into risky bonds safely... We bought shares of a deeply discounted "junk bond" fund—the PIMCO High Income Bond Fund (PHK). Long story short, I recommended it on December 19, in the January issue, and we got out two months later for a 52% profit.

Up next, in the February issue, we looked for the "hard trade," and found the market for municipal bonds (tax-free government bonds) was at risk of collapse. Once again, we got in as safely as we could...

We bought a fund full of boring, high-quality, insured municipal bonds (PZA). That fund is up 12% since we bought it in True Wealth. (By the way, PZA is still a buy... It's paying 5% interest—tax-free. More gains to come in PZA.)

In the issue that came out March 20, the stock market looked awful... The hardest trade in March was to buy stocks. So what did I do? I recommended buying the whole stock market! We bought a fund that basically holds the 500 biggest stocks in America. I thought we had the potential for a 50% gain in 18 months. But that fund is already up 40% in six months...

In the next issue, the "hard trade" was to buy "risky" stuff. So that's what we did... We went looking for risk. I recommended two speculative foreign funds I thought could make us 50% within 12 months. Already, we've taken our 50% profits on our Russia play. And our Hong Kong-and-China play is up 34%—so we've almost got our 50% here, too.

In the June issue, we turned our speculation over to our buddy "EDD" (the Morgan Stanley Emerging Markets Debt Fund). EDD has soared 30% since we bought. (I hope you realize a 30%, four-month gain in a bond fund is incredible—because it is!) Amazingly, the fund is STILL at a 15% discount to the value of the bonds it holds—and there is plenty of upside left here.

The plan is still to hold this one for two years or 80%, whichever comes first... (Yes, it's a bond fund. And yes, we can make that kind of money. Go back and read that issue online if you don't remember why.)

Next up, I recommended "Obama's Landlord" in the July issue. Why? Because over the summer, the "hard trade" was real estate. We've seen a recovery since. But back then, nobody wanted to touch it.

We bought real estate safely through Washington D.C. rental properties. The idea was there are no recessions in government—the government pays its rent. We're up 37% already on Obama's Landlord (shares of WRE). That's a sensational gain in such a short period of time in boring real estate. We got it by playing the "hard trade" of the day.

My point with all of this is: The hard trade is the right trade.

So where to next? What's the "hard trade" today? That's what this issue is all about....

The Tell-Your-Reader-They-Are-Winning lead tends to produce less interesting copy than the History or Boots-on-the-Ground leads. But as Sjug proves above, it can work well.

The Tell-Readers-About-a-Brilliant-Investor Lead

Tell readers about a brilliant, successful investor... and how they can invest with him... or at least in his favorite idea. This is another Sjug specialty. Here is a good example:

December 2005

Steve Sjuggerud, True Wealth

The Best Investment for the Next Seven Years

It's the stuff of legends...

With a straight face, legendary investor Jeremy Grantham told a room full of investment conference attendees that stocks will lose money for the next 10 years.

Now, for a guy who manages \$90 billion today (with \$79 billion of it in stocks), it doesn't seem like a smart move to tell your investors they'll likely lose money for a decade. They might take their money away from him.

After all, who wants to invest with a guy who says you'll lose money in stocks at an annualized rate of 2% a year? Smart people, that's who...

Grantham's timing was perfect... He said this to an audience in Atlanta in April 2000, just after the peak of the stock market bubble. At the time, the S&P 500 stock index was near its high of above 1,500. Today, five-and-a-half years later, the S&P 500 is below 1,250. His forecast was fantastic.

On March 1, 2000, Grantham published his 10-year predictions for all asset classes. He predicted U.S. stocks would do the worst and real estate would do the best over the coming 10 years. Real estate is "really, seriously, absolute cheap" he told the crowd. "Real estate is a good solid asset with a good solid return. Yet REITs trade at a 25% discount."

Grantham forecasted a total return of an astounding 10.5% a year for the next 10 years in real estate stocks, his most optimistic forecast of any asset class. He was dead on. Real estate stocks have soared since 2000. Just like his pessimistic stock forecast at the time, his optimistic real estate forecast was fantastic.

Grantham avoided stocks, invested heavily in real estate, and made his investors a fortune.

That's how you become a legendary investor.

The question now, of course, is "What does Grantham like today?"

The answer is the subject of this month's letter....

Sjug tells the reader about a super-wealth creator... briefly provides his credentials and track record... and then tells the reader that now he can invest with the guru... or at least invest in the guru's favorite idea.

The What-Is-My-Reader-Most-Worried-About Lead

If you're struggling for a lead, ask yourself this vital question: What is my reader most worried about right now?

- Is it inflation?
- Is it health care?
- Is it the "debt apocalypse"?

Whatever it is, it's not a bad idea to write a lead that zeros in on that concern... makes the reader feel better... and offers the solution.

Here is an example:

December 2005

Steve Sjuggerud, True Wealth

Your Biggest Retirement Income Worry Finally Solved

I finally have an answer for what's keeping you up at night...

I call it the 5.6%-a-Year "High-Yield CD."

The simple goal here is to keep you from digging into your nest egg while interest rates in America are zero. Importantly, this investment...

- *Is even easier to buy than a bank CD.*
- *Doesn't lock you in like a CD for a three-year term (or any term).*
- *Pays you a high rate of interest every month.*
- *Is safe, as I'll explain.*

Look, when I talk to my mom or my in-laws, my biggest concern for them these days is retirement income.

They're in good shape. They did the right things in their lives. They worked hard and saved. They've never been foolish with their money.

But now, Federal Reserve Chairman Ben Bernanke has dealt them a crushing blow. He crushed the return on their savings—their retirement income.

Zero-percent interest—through the year 2014. That's Bernanke's promise. And that's impossibly hard for savers....

The copy goes on to tell readers that the solution to this problem resides in the next seven pages.

The Describe-One-Big-Awesome-Project Lead

Does the company you're writing about control the biggest offshore oil field in Asia? Did it build the world's largest nuclear power plant?

Can you use superlatives to describe anything about the company?

If yes, consider describing that one big awesome project or asset. Paint a picture. Tell a story.

Here is an example:

May 5, 2009

Matt Badiali, The S&A Resource Report

The Greatest Prize of the 21st Century

I want you to buy an "option" on the most promising oil field in the world

Starting on the coast of the Mediterranean Sea, the K-B pipeline winds its way through 500 miles of desert and terminates at the Eternal Flame.

"Eternal Flame" is no exaggeration. This open fire—in an area known to locals as Baba Gurgur—has burned continuously throughout recorded history. The earliest known mention of the fire is by "the Father of History," Herodotus, in 450 BC. Many believe it's the fiery furnace in the Book of David. It's believed the fire has been burning for at least 4,000 years.

History and mythology aside, I'm telling you the story of Baba Gurgur and the Eternal Flame for one reason: The area around Baba Gurgur holds oil.

An oil field was discovered under the Eternal Flame in 1927. Hydrogen sulfide seeping out of a titanic hydrocarbon deposit fed the inextinguishable fire aboveground. Drillers soon discovered this was no

normal oil field... but an unbelievable "supergiant." The kind of field that launches not just family fortunes—but centuries-long dynasties known only to the Rockefellers or the House of Saud....

The key to making the Awesome Project lead work is SUPERLATIVES.

The Personal Trading, Investing, or Career Story Lead

People want their newsletter gurus to be rich and successful. They want to hear from guys like Doug Casey, Dr. David Eifrig, Chris Weber, Jeff Clark, Marc Faber, and Porter Stansberry. They like to hear their "war stories."

Here's an example:

June 2010

Dr. David Eifrig, Retirement Millionaire

Let the Government Double Your Money

We called it "Xeroxing."

During the 1987 "Black October" stock crash, I was working on the trading desk for Goldman Sachs. If you think this month's "flash crash" event was crazy, consider that stocks finished that day down just 3.2%. On October 19, 1987, stocks dropped 22% in one day. That's crazy. And when things get that crazy, clients panic...

For days, we worked, ate, and slept at the office... and helped our clients move assets around. It was a true global panic. There was no time to go home, so we simply "copied" our outfits and wore the same clothes from the day before. Xeroxing.

It was a nerve-racking experience, but it taught me one simple lesson: When extreme fear hits the market and things are falling apart, it creates incredible opportunities.

At the height of the 1987 panic, stock futures on the Japanese market collapsed one morning. Japan's stock index, the Nikkei, opened up lower... which caused protective stop loss orders to trigger... which led to more selling. The ensuing selloff destroyed the market. It fell from 20,000... to 17,000... to 12,000... to 7,000 within hours. Along the way, computer programs were triggered and mindless selling turned things into a rout. (Sound familiar? If May 6's intraday 9.3% scared you, imagine if the S&P had lost 65% of its value in a couple of hours like the Nikkei did.)

During the Japanese panic, some of us started covering our shorts and buying equities between 7,000 to 9,000 points on the Nikkei. By the time the day ended, the market had rallied right back up to the 20,000 levels. That's a 185% gain in a day... and it demonstrates the power of panic. Long-term investors also did well. The S&P 500 index nearly tripled from those beaten down levels over the next 10 years.

Today, I'm feeling the same sort of panic among friends and family. Many of you have seen your portfolios whipped around like a Tilt-a-Whirl ride at the Jersey Shore. The recent stock decline has cost a lot of folks a lot of money... and it has them scared. This is why I see a lot of opportunity right now....

If the idea of your essay is similar to something you experienced during the crash of 1987... or the oil rally that preceded the 1991 Iraq invasion... or the gold stock bottom of 2000-2002... or any other interesting market experience... consider writing a lead about it. Tell the story.

So how do you decide which lead to use?

If you're struggling to find a lead for your essay, ask yourself:

- Did I travel to get information I'm going to use? If yes, go with an "I was there" lead. Chances are very high that this is your best bet. Tell a personal story.
- Did you talk to someone with local or insider insight? If yes, go with a "This guy is there" lead. Tell their story.
- Is there an interesting historical story that ties in with your new idea? If yes, go with a history lead. But make sure it has a solid connection to the new idea.
- Can you give your readers a valuable, unconventional, timeless wealth lesson? If yes, consider going down that route.
- Is a super-wealth creator investing in the idea? If yes, write up the story... and tell the reader how he can invest with the wealth creator.
- Did you live through an interesting market experience that relates to what is happening now? If yes, tell the story.
- Can you make a strong claim about the idea? If yes, consider going with the strong claim lead.
- Are your past ideas producing big profits for your readers? Remind them... and then tell them that you have a similar idea that will make them more profits.
- Is the company you're featuring in your essay involved in a big awesome project? If yes, consider writing about that. Tell the story. Paint the picture. Put the reader in the picture.

One last thing...

Knowing what not to do is just as useful as know what to do. Here are a few examples...

The boring personal story. The classic boring personal story involves taking a mundane aspect of your life (like your kids, yesterday's golf game, your ski vacation, you getting the flu) and then making a flimsy connection to your trading/investment idea. They all sound like this:

Last week, I went skiing with my beautiful wife and my two very smart children. My youngest, Timmy, started going down the mountain too fast (he's just like his old man). I urged Timmy to be careful. And this got me thinking... investors should also be careful right now. It's like they are going down the mountain too fast!

The company history lead. I'm not sure why it's hard to make this work... I think it's because it's a cliché...

and just flat-out boring. You know it. It goes something like this:

On April 23rd, 1973, Sally Benson opened a small flower store in Cleveland, Ohio. Her first customer was a young man buying roses for a second date.

A description of your research or stock screening process. This is self-indulgent. You can mention all the screening and reading work you did further down in the essay... but it's usually too boring to lead with:

This week, I ran 37 different stock screens. It took me 23 hours just to find a stock worth researching. When I found it, I read 469 pages of stuff on it.

If you're not a natural lead genius... or if you're just starting out, consider using this "cheat sheet"... consider being formulaic... and fake it till you make it. And above all, shoot for telling stories.

—Brian Hunt

THREE CRITICAL STEPS FOR BRAINSTORMING HEADLINE AND LEAD IDEAS

You have a brainstorming session to come up with a new promotion for a product. You set an agenda, gather the right people, and spend half a day (or longer) batting around ideas.

After several hours of going nowhere, you hit on a good one. It begins with an offhand remark and grows—comment by comment—into something everyone is excited about. Several people are taking notes.

Sometimes the one good idea leads to another. Sometimes to a third. At the end of the session, everyone feels good. You've done your job. You have outlined some very good copy platforms.

The next day, you write a memo summarizing the ideas. You assign each idea to a creative team and indicate deadlines. You ask for confirmations and get them.

A month or two later, busy with your hectic working life, you open your calendar and note that a first draft of one of the promotions is due. It's not in your inbox, so you make a few calls. As it turns out, it's not yet done—but will be almost any day now.

You check back a few days later, and it's still not done—but you are assured it will be just another 48 hours. When the third deadline elapses, you call the copywriter. After much hedging, he admits he's stumped on the copy. "I don't know what happened," he says. "It seemed like such a good idea at the time. But now it seems thin."

You take out your notes—the original notes that summarized the ideas you had all come up with—and go over them with him. But now, surprisingly, that idea seems thin to you too. You read and reread the notes, looking for clues. You were sure the idea was strong when you conjured it up, but it doesn't seem so from the summary.

You are stumped. You call another creative session—an emergency creative session—and begin again. But now you are seriously behind schedule.

What's going on here?

Probably two things—which are inter-related and easy to correct:

1. You scheduled the brainstorming session too far ahead of the deadline—before your creative team was ready to execute the good ideas you came up with.

2. You relied on a summary to capture the essence of these ideas—something that can't be done.

Here's why:

A great marketing idea is usually something that is 80% obvious and 20% new (Pareto's Law). The 80% part is what you are more or less forced—by the market or by the product—to do. It becomes the basis of all your promotional platforms (e.g., "We can give you profitable stock recommendations even in a down market" or "You can't get healthy by eating a low-fat diet"). Any idea you get from paying attention to this will be similar to that which your competitors—those with similar products—come up with.

It's the 20% part—the clever twist you put on it—that makes the promotion special and gives it energy. This part, while it can be understood by everyone in a brainstorming session, usually has something in it that's subtle and relative—something that seems like it can be noted down but can't.

Great marketing ideas are like poetry. They are unique, perfect... and fickle. They can't be summarized—just as a poem can't be summarized.

So here's what you have to do:

1. Schedule your brainstorming sessions at times when your copywriter is free to begin writing. Every hour that passes after the idea is expressed puts him one step further away from recreating it in a strong way.
2. Tape-record these sessions to help everyone remember what was said. And instead of trying to summarize the ideas that are being generated in the session, quickly jot down some core phrases and images.
3. Give your copywriter a quick deadline—24 hours or 48 hours—to get a headline and lead back to you. It doesn't have to be perfect, but it has to be substantial, something that captures the essential genius of the idea in a way that won't be forgotten.

If you've all done the right work, the headline and lead he comes up with will be 80% right at that point. Eighty percent right is a considerable accomplishment and will almost ensure that the rest of the creative process works smoothly and ends successfully.

The bottom line is this: Brainstorm until you have a great idea and then get your copywriter writing immediately.

—Mark Morgan Ford

THE MOST PERSUASIVE ADVERTISING

My friends, star marketers Alex Mandossian and Yanik Silver, recently paid me a compliment by calling me “The world’s greatest living reason-why copywriter.” I consider it such high praise because my mentor, David Ogilvy, was in my view the greatest reason-why copywriter of all time. In fact, when asked by a reporter if he was a strong proponent of “reason-why” advertising, Ogilvy responded, “Is there any other kind?”

Thinking of Mr. Ogilvy (or “D. O.,” as we staffers at Ogilvy & Mather called him) has prompted me to once again offend every English teacher whose classes I endured, and inspire everyone else who speaks the King’s English to cringe, by penning another of my infamous poems, this one entitled...

The Most Persuasive Tool in Advertising

“How can I sell more product?,” is the marketer’s eternal question.
If you sincerely seek the answer, just follow my suggestion.
When it comes to creating advertising, most advice is for the birds.
But the greatest secret of success can be found in two little words.
No, they’re not, as some have written, those standbys NEW and FREE.
Neither are they NOW and SALE, or even YOU or WE.
No, to open minds and wallets and have prospects eagerly buy,
The most persuasive words in advertising are simply, REASON WHY.
Whether you spread your message on TV, the Internet or by letter,
You must explain the REASON WHY your product is much better.
And while you’re at it, don’t forget that your audience won’t believe you
Unless you give the REASON WHY what you claim is true.
To close the sale, these two little words once again point the way.
Just give me another REASON WHY I should act today.
There you have it, clear as day. If you want to sell, here’s how:
Give good reasons for these three questions—why you, why true, why now?
This little secret works like magic, for all products, in all seasons.
If you want to sell like a superstar, just boldly state your reasons:
First, the reason yours is best. Second, a reason to believe,
And third, a reason to act right now—give these and you’ll receive
More sales than you can imagine, gold and riches heaped on high.
The world showers you with treasure when you give the REASON WHY.

Could this be verse? I doubt it! But maybe a couple of quick examples will make the point...

Soft drinks are one of the most difficult industries to break into with a new product. It's been done very, very seldom because people are loyal to whatever soft drink they like. Not long ago, Slice soft drink came out with a campaign that said it's a better-tasting soft drink because it contains 10% fruit juice.

It gave a little reason in the headline—*the 10% fruit juice*—to explain why it tastes better than the average fruit soda. And that made all the difference in the world. In a product category that's renowned for a sky-high failure rate among new products, Slice quickly captured 7% of a \$30-billion-a-year soft drink market.

Today, that same soft drink market is probably worth more than \$50 billion per year. That means that right out of the box, Slice created \$2 billion a year in sales on the strength of this one little proof element, 10% fruit juice.

To see how critical that line is to its success, try taking it away, and what do you have? "Slice, a better-tasting soft drink." Nothing there but a bland claim. But because it contains 10% fruit juice, if you're a soft drink aficionado, you think, maybe I'll try it. There's a good reason to.

Let's look at another example. The headline of one of the most successful direct-response ads of all time is:

How to win friends and influence people.

Wisely playing off that key word "how," the body copy of this ad gives many, many reasons in support of this powerful headline.

Here's another classic reason-why positioning that built a fortune.

Kleenex towels absorb 50% more because they're two layers thick.

"Well, that makes sense," you say to yourself. You can buy into the promise because it gives you its proof element, its reason why, right in the headline.

Half-Off Sale!

We've all seen half-off sales and, by and large, they slide off your mind like water off a duck. But give it a reason why and look what happens. Imagine if you say instead:

Fire sale! 50% off everything in our store because of our recent fire.

See what a difference that makes?

If I'm going to buy a stereo, I don't care if the box smells a little smoky. The reason why—the recent fire—gives me a rationale to buy into it, a believable explanation of why I might really get 50% off, rather than just another garden-variety, totally unbelievable and demotivating "half-price sale."

Take a hard look at your most critical marketing materials, especially any that are underperforming. Ask if you are giving reasons why in each of these three areas:

1. Compelling reasons why your product is superior to other solutions your prospects might choose, including doing nothing.

2. Compelling reasons to believe that what you say is true.
3. Compelling reasons to seize the opportunity today.

When you examine the most successful examples of salesmanship-in-print, you'll almost always find these three reasons-why in full force, which is why they are so profitable.

—Gary Bencivenga

Ogilvy Tells the Sales Story

I have, of course, read David Ogilvy's better known books, such as *Confessions of an Advertising Man* and *Ogilvy on Advertising*. But recently someone gave me a copy of *The Unpublished David Ogilvy*, which I had never heard of.

It's a small book, but it is packed with letters, memos, and speeches on management, creativity, and copywriting. Many of these contain ideas that are widely accepted today. But back in the 1930s and 1940s, they were contrarian—even groundbreaking.

One such piece was written in 1936, when Ogilvy was working as a 25-year-old assistant account executive.

Here it is:

Every advertisement must tell the whole sales story, because the public does not read advertisements in series.

The copy must be human and very simple, keyed right down to its market—a market in which self-conscious artwork and fine language serve only to make buyers wary.

Every word in the copy must count. Concrete figures must be substituted for atmospheric claims; clichés must give way to facts, and empty exhortations to alluring offers.

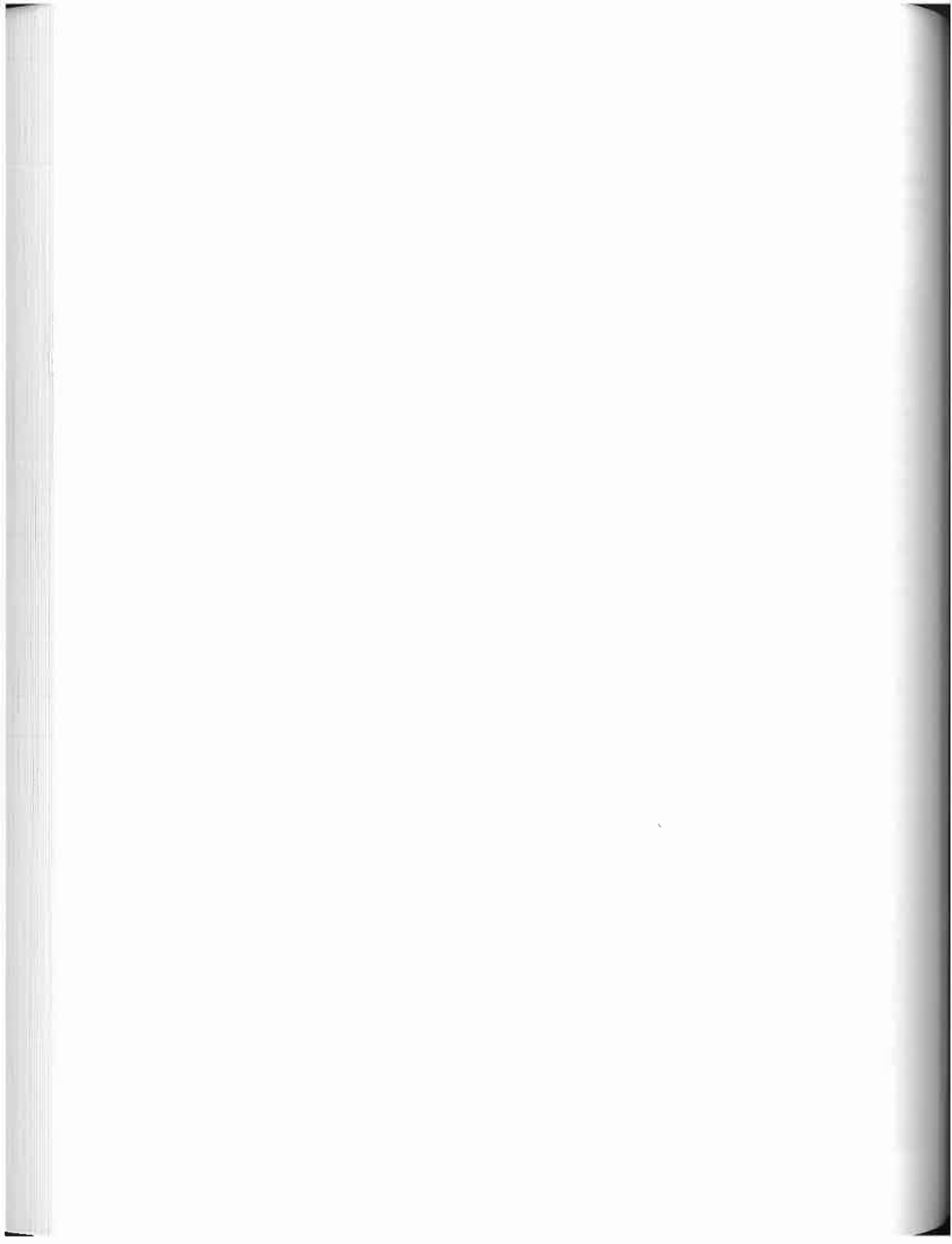
Facetiousness in advertising is a device dear to the amateur but anathema to the advertising agent who knows that permanent success has rarely been built on frivolity and that people do not buy from clowns.

Superlatives belong to the marketplace and have no place in a serious advertisement; they lead readers to discount the realism of every claim.

Apparent monotony of treatment must be tolerated, because only the manufacturer reads all his own advertisements.

Ogilvy's boss must have recognized the genius in him even back then. He was allowed to write memos to the entire staff of the agency, many of whom had twice his age and experience.

—Mark Morgan Ford



CHAPTER V

MAKING GOOD IDEAS EVEN BETTER



— Snapshot in Time —

Friday, June 29, 2007

Fear vs. Greed Packages

What works better, fear or greed?

Are people more motivated when you tell them what might go wrong... or when you tell them what might go right?

Answer: It depends. And unfortunately, it depends on a number of things: your product, your audience, your copywriter, your recommendations, the news, and the *zeitgeist* of the market itself.

There, does that answer the question?

Generally, what we're hearing is that greed is now working better almost everywhere. People are more hopeful than fearful. The hope of making a lot of money seems to appeal to prospects more than the fear of Armageddon. But maybe they should reconsider.

"We tried the big fear-based leads," Suzanne Barry tells us. "They just didn't work here in Australia—neither for our small-cap letter nor for *Outstanding Investments*. Times are just too good. The country hasn't had a recession in many years. People are not worried. So we switched to the one-stock greed lead... which is bullish... and it worked very well. We're doing our biggest-ever mailing for the small-cap letter. Well, 100,000 is big for Australia. We expect a 1% response rate for the A\$149 product—bringing in another 1,000 subs, in addition to the 1,300 we have already. This is pretty exciting. And we're converting our *Outstanding Investments* package to a one-stock lead too."

We hear the same story in London:

"My own observation over the last 24 months," writes copywriter Mike Graham, "has been a significant drop-off in response of fear-driven promos—both externally and internally. And the reverse for opportunity-lead packs. It's strange... especially considering positive, opportunity-driven promos are getting ripped apart by our ever-tightening compliance laws... but so far... greed is good."

"I can't remember a fear package doing that well in the UK over the last 18 months," adds copywriter Simon Munton, "either internally or externally. All of our big sellers have been greed-led. The Big Idea fear sales leads are tough, because people are just not interested in Big Ideas. More people vote on the outcome of TV reality shows than at General Elections. People are jaded, materialistic, self-centered, and demotivated. So unless you've got a 100-megaton

bombshell to drop... AND can make a compelling, white-knuckle case that ties THAT reader's wealth or future wealth in tight, forget it—go with simple, dumb greed..."

But hold on... replies ace copywriter Jack Forde:

"Don't give up on fear copy. A good fear lead—emphasis on 'good'—can hit them closer to the heart in a way no stock-tipping, percent-hyping, greed-leading promo can.... Plus, a business built entirely on stock tips [the greed leads most financial publishers think of] is one that will get watery awfully fast."

What does he mean by that?

Ah... let me take a guess...

The promises you make in a greed-led package are (1) hard to keep and (2) rather shallow and crass. It is like having a wife who only married you for your money. It might be fun for a while, but it lacks depth of feeling. What's more, it is a precarious relationship. As soon as the money goes, so goes the marriage.

Good relationships have complex layers of feeling, sentiment, and self-interest, and these are the sorts of relationships that last. Our relationships with our readers mean more than just money to them. And so they endure even through periods when the track record is weak. Subscribers will stick with a publication that is rich in ideas and emotion, even if it doesn't do so well when it comes to performance. On the other hand, a newsletter that lives or dies on its performance alone... will die quickly. Because odds are that any given investment approach—and any given market—will fail, sooner or later. Which is why we don't want to abandon fear leads...

My advice: Work hard to make fear leads pay. Even if you end up going with greed, the work of developing a good set of negative arguments will make your publication richer.

Mike Palmer has a slightly different take on this:

"I believe the best packages address a fear, which goes unstated. For example, what have we had the most success with? Simple. Writing to our readers' fear of running out of money. But rather than paint a bleak picture of a couple who goes broke and gets kicked out of Summerville Senior Living, we leap right to the solution. Then, after we present the solution, we remind them why they need this: Social Security is a mess... pension plans are being cut... inflation... etc. In other words, we're writing specifically to the reader's fear... without stating it, at least in the lead. That being said, I do believe we should try more fear packages. They're harder to get right... but when they're good... they're really good."

And here's what Mark Ford has to say on the subject...

"We need to avoid flimsy copy that's based on shallow thinking and panders to greed. But

the desire for profit is not greed... our business is based on that ambition. All our financial newsletters, whatever their *weltanschauungs*, exist because of the legitimate and sensible desire to profit.

"An advisory service that promises only the avoidance of loss cannot work... I can't think of an exception to this rule... Even the great fear-based packages such as 'Plague of the Black Debt' spent the bulk of their ink on profit opportunities.

"In discussing this issue as greed versus fear, we fall into a time-honored logical trap. In associating greed with shallowness, we are distorting the truth. Fear-based packages can be shallow and can make flimsy, hard-to-keep promises. And profit-based packages can be dense with ideas—even profoundly so.

"To maintain our preeminent position in the market, we need to upgrade the quality of our writing—all our writing. We need to acquire and train writers who can deliver tipping-point ideas—ideas big enough to last years... not just weeks or months... that can capture attention and stir emotion and provide a hopeful perspective, even in the face of doom.

"They have to be all that and they have to be saleable too. 'Great' ideas that cannot be sold are not great at all except in some solipsistic way. And that is why we have these debates. What is selling now: greed or fear? I don't think that is a question we should be asking... not now... not ever.

"Investing is a serious business and we should treat it that way. In the quotidian vicissitudes of our business we are sometimes fearful and sometimes profit-oriented. The emotional state that drives us is determined by the circumstances we encounter.

"Why should our investment advisors act differently? They shouldn't govern the content of their advice rationally but based truly on the emotions that they actually have. And those will change as the market changes.

"Some writers and thinkers have more cautious personalities. Others are more sanguine. These fundamental differences in temperament matter. They differentiate our franchises. That's the way it should be.

"What we want as publishers—what we should want—is that all of our writers think well and deeply about the advice they give. That they never pander to the market, but stay consistent to the fundamental thoughts and feelings of the franchise.

"If they can do that, everything else is easy. The copywriters don't have to invent promises that the editors can't keep. And no one needs to argue greed versus fear. Each franchise must develop its own best ideas—saleable, tipping-point ideas. And those ideas should always be truthful—true to the facts and true to the emotional core of the franchise.

"What all of our franchises around the world must do is what you have been saying all along. They have to extinguish all the bad habits of the 'old' way of publishing investment advice. I am talking about the habits of having copywriters generate selling ideas by trying to guess at what the market 'wants' and pandering to it.

"Those bad practices caused all kinds of problems: the schism between editorial and marketing, the reluctance editors felt about embracing copy ideas that were created by marketers, the difficulty copywriters had coming up with tipping-point ideas, etc.

"All these bad things go away when the franchise is led by writers that think well and deeply... and then work with the rest of the creative team, with the copywriters and the marketers too, to deliver those ideas strongly in everything we publish.

"Fear-based leads can work—and will work—if the ideas are both appropriate to the franchise and also saleable. So long as the emotionally trepidatious writer remembers that his readers want not just to avoid loss but to profit, they will be able to generate saleable ideas.

"Profit-based leads can work too—and not just ephemerally but for many years—so long as they are profound and saleable. Profit-oriented writers must be good thinkers—every bit as good as their gloomier counterparts—so that their copy never sinks to pandering.

"We should all be involved in the same contest—competing for the minds and hearts of the thinking investor—each one of us approaching the struggle with our own, unique perspective.

"Ultimately, It shouldn't matter what other people are saying... what stories they are telling or what promises they are making. What matters is what we think our readers should be doing. And if our ideas are good and strong and deep and current... we will be able to write packages that sell.

"It starts and ends with the quality of our thinking... with our belief in our capacity to figure out how to profit from the market. Fear should always be there to some degree. And so should the desire for profit.

"As you have said since the beginning... we need big ideas—big enough to support a franchise... and big enough to last for years.

"We also need ideas that are both uncommon (because common ideas are available for free almost everywhere) and also uncommonly good (because we will never be able to grow and profit with ordinary ideas)."

This is from Porter Stansberry:

"When I started working with Mike Palmer in the summer of 2002, he didn't know much (if anything at all) about finance. We spent 2-3 hours per day, for maybe six months, discussing

finance, both in terms of evaluating individual equities and looking at macro themes.

"I'd wager that very few of our copywriters on staff ever spent that much time learning about finance... In fact, I've been wondering why one of our most promising young writers has 'stalled.' And I think I know what to do..."

"I'm going to take my three most promising young writers and we're going to have finance class each morning from 8-10 a.m."

And finally, a note from Toby at MoneyWeek:

"Just an observation on the greed/fear thing. If you count our MoneyWeek control—'5 Time Bomb Investments to Sell Now'—as a Fear package (and I'd say it's pretty damn Feary), then Fear is alive and kicking. That's been our control for 2½ years now, throughout the period of a massive property boom and a rising stock market!

"And in addition to beating every other MW pack we've tested against it, in terms of response rates, our Time Bomb pack has beaten the socks off every FSP financial newsletter promo over the last 12 months.

"Our pack started at 1.2% gross response in September 2004, and is still coming in at around 0.8%. The best FSP financial newsletter response over the past year has been 0.46%.

"So I don't think anyone here in London should be saying that fear doesn't work."

All things being equal, you want a sales pitch—and a publication—that is rich on a number of levels. But the thing you control least is the investment performance. After all, if we could control that, we would give up publishing and live on our investments! Other things are controllable... so we try to build publications and sales letters that are rich in ideas, nuances, and emotion.

—Bill Bonner

WHY YOU SHOULD PUT THE PEER REVIEW INTO ACTION

The Peer Review has two purposes. The first is to evaluate the copy. The second is to improve it.

Here's how it works...

At a scheduled time, four to six people (including the copywriter) assemble for 30 minutes to review a piece of copy. The copy to be reviewed is the lead (the headline and first 200-400 words of the text).

Step 1: The group leader introduces the copy to be reviewed.

He asks the copywriter to briefly describe the product that is being sold, its price, and to whom the copy is directed. He then instructs the group to imagine they are the intended audience, knowing what the intended audience knows and doesn't know.

Step 2: The headline is evaluated.

The leader asks each person to rate his or her gut response to the headline by scoring it from 1.0 to 4.0. A score of 1.0 means you would trash the package after reading it; a score of 4.0 means that you would feel extremely excited by it and be thinking, "This is good, really good. I'm really glad that I'm reading this!" Scores are tallied and averaged.

Step 3: The headline is improved.

The leader asks for suggestions. The suggestions must be in the form of a specific improvement, not a comment or criticism. After each suggestion, the leader asks the group to compare it to the original. Feedback is given as only better, worse, or neutral. The copywriter is required to make any revision that receives all positive responses. He is likewise required not to make revisions that receive primarily negative responses. He is encouraged to make revisions for suggestions that are primarily positive. And he is allowed to decide for himself whether to make revisions that receive mixed reviews.

Step 4: The headline is re-evaluated.

The leader asks the copywriter to read the revised headline aloud, and asks the group to rate it again. So long as it receives a rating of 3.0 or above, they can move on to the next step. If it is rated a 2.8 or 2.9, they can go back to it later, if time permits.

Step 5: The rest of the lead is evaluated.

The leader asks each person to rate the copy by scoring it from 1.0 to 4.0. Again, a score of 1.0 indicates you definitely would not read beyond the lead; a score of 4.0 means you definitely would read on with a high level of interest. The scores are tallied and averaged. If the copy fails to rate at least 2.8, the leader aborts the session. He says, "The copy did not meet the minimum score we need, so we won't review it today." He gives the group five minutes to come up with suggestions for the copywriter, and gives the copywriter 24 hours to use those suggestions to try to write a new lead.

Step 6: The rest of the lead is improved.

If the copy scores 2.8 or better, the leader asks the group for suggestions. Again, the suggestions must be in the form of a specific improvement. Again, the leader asks the group to compare each one to the original. And, again, the copywriter is required to make any revision that receives all positive responses.

Step 7: The entire lead is re-evaluated.

The leader asks the copywriter to read the revised lead with all the suggested improvements, and he asks the group to rate it again. If it scores 3.0 or better, the copywriter is asked to make all the suggested changes, as well as any additional changes the new changes dictate, and to deliver the completely revised copy within 24 hours.

If the Peer Review has been conducted properly, the copywriter will be excited to get the revisions done. Not only has most of the hard work been done for him, but he also experienced for himself how the copy has been improved... and he feels like he owns it.

Most of the Peer Reviews I've done began with a rating of 2.8 to 3.0 and ended with a rating of 3.0 to 3.5. But make no mistake—an improvement of two to five decimal points is a very big deal. At that point, you should get the copy out as fast as you can. It is a waste of time to try to tweak it further. Just get it out there and see how it does.

Keep in mind that the Peer Review is not about the quality of the copy (whatever that means), but about how responsive readers are likely to be to it. This distinction is important—but when we critique copy, it is often forgotten. Even experienced marketers sometimes forget that the goal is not to measure the copy against some qualitative ideal but to determine if it will perform well in the marketplace.

When the Peer Review rules are followed, there are four benefits you will derive from the process almost immediately.

1. No time will be wasted discussing or arguing about critical theory.
2. You will be able to quickly and easily evaluate the forcefulness of the lead by using a numeric rating system. (What used to take 10 to 30 minutes to accomplish with the critical method takes just a few minutes with the Peer Review.)

3. The group will give priority to the most important copy problems—the problems that can affect response rates.
4. Most importantly, the Peer Review process stimulates a much higher level of creative output from everybody involved. Thus, better solutions are discovered more quickly.

Those benefits, combined, can dramatically increase the quantity and quality of copy that you produce. To enjoy those benefits, however, you have to follow the rules. These are the main ones:

- Criticisms are not allowed.
- Comments are not allowed either.
- Only copy suggestions are permitted.
- Numerical scores are used to do the evaluation.

Let's take a look at each of these rules individually.

Rule #1. Criticisms Are Verboten!

The critical method was, essentially, a negative method. The Peer Review is, essentially, a positive one. The power of keeping things positive was evident to us when we first started working with the Peer Review back in 2003. We had a hard time refraining from criticism during those initial brainstorming sessions. But when we did limit our statements to positive suggestions, a great deal of creative progress was made. And in a very short amount of time.

So that rule—the old Dale Carnegie prohibition against the “three Cs” (criticism, condemnation, and complaints)—became the foundation of the Peer Review.

There are many ways to lodge a criticism. You can be very direct: “The headline sucks.” Or you can be gentle: “The headline might be improved if we made it a bit more specific.” You can be oblique: “The headline reminds me of a crowded bus.” Or you can be very clear: “This headline has too many ideas in it.” However you dress it up, a criticism is a criticism. And criticism, in a Peer Review, is prohibited.

In case you have any doubt about what constitutes a criticism, here are a few more examples of the kind of statements that are not allowed in a Peer Review:

- “I'd like to see a different first sentence—one that isn't such a cliché.”
- “It reminds me of Faulkner, but without the cleverness.”
- “There are lots of claims here, but little proof.”

To conduct an effective Peer Review, the leader must be alert to these sorts of subtle and/or indirect criticisms. When they are made, the leader should cut them off immediately. “Only suggestions, please,” he might say. Over the years, we've found that the Peer Review degenerates and loses power when criticisms are allowed to slip in. Only a diligent posture against them can keep the system running smoothly.

Criticism is prohibited because it thwarts creativity on several levels:

- First, and most obviously, criticism demoralizes—if only a little—the inexperienced participants who are the very people that you want to motivate.

- Second, one critical comment often leads to another—especially with participants who are experienced or accomplished. When their suggestions are criticized they may, in turn, criticize the criticism (or sometimes the critic).
- This leads to the third level of creative dysfunction. Arguments can erupt that, however much they are meant to elucidate and advance the session, actually derail the creative process and have everybody taking sides or retreating. Neither reaction is good for developing good copy.

And it's not just negative criticism that's a problem. Positive critical statements, too, are prohibited—statements such as “I thought the headline was excellent” or “The promise is very strong.”

Positive criticism can boost the copywriter's spirits, but that is not the purpose of the Peer Review. The purpose is to make the copy better. And the most efficient way to do that, we have found, is to bar any sort of criticism, good or bad.

Positive criticism hurts the Peer Review process because (a) it takes up time unnecessarily, (b) it influences other participants to be positive, and (c) it often provokes comments, which—as I explain in Rule #2—are also prohibited.

The bottom line: All forms of criticism—direct, indirect, clever, dull, negative, and positive—are not allowed!

Rule #2. Comments Are Not Allowed Either

Saying “The headline is weak” is a criticism. Saying “Headlines should be captivating” is a comment. Comments, like criticisms, are not allowed in the Peer Review. Why? For the same reason that criticisms are not allowed. They slow down the process. They provoke more comments and can be distracting. Plus, ultimately, they are completely unnecessary.

Of all the rules we have established, this one is the most difficult for Peer Review leaders to follow. The leaders tend to be experienced marketers or copywriters. And because they understand copy technically, they often feel they should educate the group by, for example, explaining why a particular sentence or paragraph doesn't work.

That's a natural and benevolent impulse. But it slows up and often detours the Peer Review process.

If you want to allow for comments, you can set aside five or 10 minutes for them after the Peer Review is completed. But recognize that the purpose of comments is to educate the participants in copywriting theory. It has nothing to do with the purpose of the Peer Review, which is to make the copy better.

Rule #3. Only Copy Suggestions Are Permitted

Peer Review participants are allowed to express themselves in three ways:

1. By scoring the copy—1.0 to 4.0—to reflect how emotionally compelling they found it to be.
2. By giving specific copy suggestions.
3. By responding to other people's copy suggestions by rating them better, worse, or neutral (or—if they

want to be more precise—slightly or strongly better or worse). Of the above, only the second one is sometimes misunderstood (and hard to enforce): giving only “specific copy suggestions.”

By “specific copy suggestions,” we mean actual phrases or sentences to replace those in the existing copy. For example, if the headline of a particular sales letter reads “Where the Rich Keep Their Money,” a participant might suggest “Where the New Rich Keep Their Millions” as a substitute.

He would do so, presumably, because he thinks the original headline is too vague. That it could be improved with a little more specificity. But instead of saying “It is a little vague” (which is a criticism) or “It would be better if it were more specific” (which is a comment), he expresses those thoughts by translating them into copy: “Where the New Rich Keep Their Millions.”

This suggestion is either preferred by the group or it is not. There is no debate. There is only a vote.

The participant doesn't have to say that he thinks the copy would be better if “New” were added to “Rich” and “Millions” were substituted for “Money.” That is implied when he suggests “Where the New Rich Keep Their Millions.”

You can see how the prohibition against comments saves time. For openers, because the participant won't be making his point about the value of using specificity in writing, it will save one to five minutes (depending on how verbose he is). But it will likely save five times that much time by avoiding the lively discussion such a comment would provoke. Keep in mind that you have four to six people talking about copy. And at least half of them are writers or marketers. Give them a chance and they'll talk about concepts all day!

That's just what you want to avoid.

The purpose of the Peer Review is to evaluate and improve the emotional impact of a lead. The most efficient way to do that is to evaluate it numerically and then make copy improvement suggestions.

The whole job gets done much faster and with much less fanfare if nobody is allowed to make a comment—good or bad, wise or silly.

Rule #4. Numerical Scores Are Used to Do the Evaluation

With the critical method, evaluations are often expressed subjectively:

- “It is boring.”
- “It moves slowly.”
- “It's a cliché.”

Subjective comments feel clever and correct to the person who utters them, but mean and stupid to the person whose copy is being criticized. And even when they are presented in the kindest of terms, they tend to be generalizations. As generalizations, they are usually either confusing or unhelpful.

In rating copy in a Peer Review, you are not asked for your thoughts or feelings about how “good” or “bad” it is but for a number that represents your gut reaction to it. Would you want to read on? And if so, with skepticism or enthusiasm?

By limiting you in this way, you are better able to filter out all sorts of competing thoughts and feelings. You don't have to think about what good copy is meant to be. You don't have to placate the copywriter. All you have to do is give your immediate emotional response. Does the copy move you? And if so, how much?

The leader of the Peer Review reminds the group to imagine themselves to be potential readers for whatever the copy is selling. That doesn't mean they need to imagine any thoughts or feelings they don't have. It means only that they must pretend to be typical readers who might be interested in such a product.

Taking that one qualification into consideration, the Peer Review participants respond honestly by rating the copy according to a numerical system that the leader explains.

He will say, "How do you rate this copy on a 4-point scale if":

- 1 means that you would definitely not read any further.
- 2 means that you would probably not read any further.
- 3 means that you would probably read further but with some skepticism.
- 4 means that you would read further with a high level of interest.

That's the standard. Nothing else needs to be considered. To make sure their scores are based on an honest emotional response, the leader should insist that participants make no verbal comments whatsoever—that they simply give their numeric scores quickly and precisely.

The leader may have to remind the participants not to worry about any little technical objections they may have with the copy. None of those things matter. What matters is this: Will the prospective buyer read beyond the lead? And if they do, will they read with enthusiasm or skepticism?

Isn't that the bottom line?

How much they read. How emotionally open they are when they start reading. Those are the two most important factors to consider when evaluating a lead. You can't evaluate those things very well with subjective criticism. But you can do it by stating a number.

If you like the copy—i.e., if you feel it is emotionally compelling—you will give it a high rating, a 3.0 or above. If you have some problems with the copy, you will rate it between 2.0 and 3.0. If don't like the copy, you will rate it below 2.0. You may have many clever thoughts about why you like or dislike the copy. And you may very well want to express them. But the Peer Review is not a forum for expressing ideas about copy. It is a technique for improving it.

—Mark Morgan Ford

— *Snapshot in Time* —

Friday, February 8, 2008

Peer and Pro Reviewed

I'm still reviewing copy from various places, and what I find is that...

1. There's a lot of copywriting that needs to be reviewed.
2. It's pretty easy to do.

This is not a new insight... but I thought I'd make the point again... and suggest another level of review.

When marketing copy isn't good... it's usually obvious that it's not good right away. You can do a Peer Review and generally find out quickly. (And you should definitely be doing the Peer Reviews.)

But sometimes, if the Peer Review is being done with fairly new copywriters, it is not immediately apparent how to correct the problem. So the group tends to settle for copy that is not as good as it could be. However, if you give the copy to a real pro, he might figure it out immediately.

Here's my suggestion: Don't send out any copy until it has been Peer Reviewed... and Pro Reviewed. Make a deal with a pro. Just ask for 10 minutes of his time on each package. If he doesn't see the problem right away... well, he tried.

I don't suggest that you do this with all your editorial. There's too much of it... it's too time consuming... and editorial is often too idiosyncratic for a regular review.

But if you have new writers... they should go through the same process. Make sure their essays are Peer Reviewed... and Pro Reviewed... until you're sure the quality is good enough.

—*Bill Bonner*

BPR—BEYOND PEER REVIEW

Generally, we have found that the Peer Review process is working. Both copy and copywriters are better now than they were before we started. Where the process seems to work best, naturally, is where you have good products and a good team of writers to work on them.

But many products are not strong. Many need to be reinvented. And that is where we find an opportunity that you might call BPR—Beyond Peer Review. I'm talking about the opportunity left on the table after a Peer Review... if you don't open up the discussion to questions about products that are old, tired and worn-out, or were never properly formed in the first place. Typically, they are products for which copywriters struggle to find good leads.

No formal process exists to help reinvent products. But keeping the dull products alive by sharpening up the copy doesn't really take us where we want to go. Instead, we need to step in with a BPR session.

—*John Forde*

THE CUB REVIEW: MAKING SURE YOUR COPY GETS READ

The CUB Review has one simple purpose: to make sure your prospect never puts down your copy... until he's read the entire promotion and gets to the sale.

The CUB critique assumes two things:

1. You have found an idea that is unique, compelling, and beneficial to your prospect. Your idea must "startle" him. It must be different from anything he's seen before.
2. You have already used the Peer Review to create a great headline and lead. (Without a compelling headline and lead, the CUB critique is useless.)

CUB, in essence, is a test to run on your copy when the entire promotion has been written. It will not help you come up with a breakthrough idea. It will not ensure that your prospect is excited enough to buy. It will simply make sure he does not put your copy down.

Think of your copy as a fishing lure. The Peer Review makes sure you put a colorful spinning device in the water that grabs the fish's attention and gets him to take a bite. CUB is the barb on the end of the hook that makes sure he doesn't let go.

So let's assume you've found a unique and beneficial idea to base your promotion on. And let's say the copywriter of that promotion has written a compelling headline... and several pages that give enough proof and specific explanation so that your prospect knows this is something new, real, and different than what he's seen before.

Now... your prospect is on the hook.

And you just have to make sure he doesn't get loose. Let's see how CUB can make sure your copy gets read all the way through to the order form.

There are three things that will make your prospect stop reading your copy after he's already been hooked by the lead:

1. Confusing copy
2. Unbelievable copy
3. Boring copy

Confusing... Unbelievable... and Boring. That's where CUB comes from.

So how do you identify and fix these "stoppers"? With the CUB critique.

And you don't need copywriting expertise to make it work. You simply need a handful of people who have at least a passing interest in the topic your promotion is about. Best of all, it can be done by email.

You find four or five people who are willing to read your copy closely. And you send them your copy with a request to mark any sections that are (1) Confusing, (2) Unbelievable, or (3) Boring.

When you get it back, you fix the problems.

Confusing Copy

There are essentially four things that make copy confusing:

1. Too much detail about something no one cares about except you
2. Confusing language or numbers
3. Vague explanations
4. Distractions—copy that veers too far off topic

Once your people have identified these sections for you, they're easy to fix—usually by deleting extraneous information or adding specifics.

Unbelievable Copy

The two best solutions for copy that has been marked "Unbelievable" are the same as the solutions for confusing copy: (1) cut it or (2) prove it. A distant third solution is to have the "narrator" acknowledge that the claim is unbelievable. But you can do this only once and only toward the end of the promotion. ("I know this sounds unbelievable... and I wouldn't believe it myself unless I'd seen it with my own eyes...")

Boring Copy

There is no reason to send out a promotion that:

- Bore the prospect with what he already knows
- Bore the prospect by spending too much time on a boring subject
- Bore the prospect with copy that wanders, taking too long to get to the point

All you have to do is (you guessed it) edit those sections out entirely... or cut them way, way down.

—Mike Palmer

— *Snapshot in Time* —

Friday, June 6, 2008

Adding a Couple of Letters to CUB

I can do a copy review in less than five minutes. After many years, it almost becomes automatic.

Years ago, Mark told me about a friend of his who could do reviews in the blink of an eye. I was skeptical. But lately, I've noticed myself doing the same thing. I merely look at the copy as if I were a reader. I give it a couple of seconds. If I want to keep reading, it's okay. If I don't... I can usually spot the general problem in minutes. Solutions take longer.

All of which is just a way of reminding us to use the Peer Review as well as the CUB Review on copy. I'm still seeing weak copy going out that a CUB Review could have helped.

It is obvious that we need constant reminding of the basic rules:

1. You need an idea that is big enough and unique enough to catch the reader's interest.
2. You should spend 80% of your energy getting the lead right—where you “sell” that idea.
3. While there are many different kinds of leads... they all fall into one of two categories. They either promise a Benefit that the reader wants... or they tell a Story that makes it worth his while to read the sales letter (because it provides an emotional or intellectual payoff... often with an implied benefit of some sort).
4. Then, you apply the CUB Review—making sure that there is nothing Confusing, Unbelievable, or Boring about the rest of it.

But after reading a couple of packages recently, I think we need to add two more letters to CUB: D and F. You must also make sure that you don't Distract the reader from your main message... and that you Fulfill the promise of the lead.

If you promise to tell him how to get rich, you have to tell him how to get rich. If you promise to tell him how to peel an onion without crying... you have to tell him how to do it.

—*Bill Bonner*

HOW TO ELIMINATE CONFUSING, UNBELIEVABLE, AND BORING COPY

We ask people performing the CUB Review to mark any part of the copy that is Confusing, Unbelievable, or Boring.

The 1st Part of the CUB Critique: Confusing Copy

There are essentially four things that make copy Confusing:

1. *Esoteric Points*. In other words, too much detail about something no one cares about except you. When you are working on a piece of copy, you are VERY close to the subject. You've likely spent a month or more talking to experts... and reading books, websites, and dozens of mainstream media articles. So you know A LOT more than your reader. The trick is to give your reader as much information as possible without boring him
2. *Confusing Language or Numbers*. This is typically due to either lazy work or just poor choices (of words, graphics, or numbers).
3. *Vague Explanations*. Not being specific enough is often Confusing.
4. *Distractions*. Great copy contains one strong idea, followed by page after page of explaining and proving that idea in every way possible, so it's impossible for the reader to doubt what you've said. Readers get confused when you veer too far off topic.

Remember, every time your reader is confused, his mind starts to wonder... he begins thinking about what's for dinner... or what he should be doing instead of reading your sales letter. Confusing copy makes it easy for him to put down your copy for good.

You've got him hooked with an intriguing headline and lead—don't blow it with Confusing copy in the rest of the promotion.

The good news is that Confusing copy is very easy to fix. My favorite solution is to simply cut it out. Always try that first. If you can cut it without hurting the promotion, do so. If not, rewrite. In short, the solutions to Confusing copy are: Cut it down... make it more specific... and simplify.

Let's look at some real-world examples of Confusing copy so you can see what I mean...

Confusing Word Choice

Here's an example from a blockbuster promotion that sold about \$1.5 million worth of subscriptions to a \$99 investment newsletter in 2007. The original copy read:

The bottom line is: If you're at or near retirement age, and feel like your retirement savings could use a boost, this investment may be perfect for you.

Remember: All you have to do is enter... and you've got a good chance to walk away with a huge payday. By the way, you can enter as many times as you wish. (I'll show you how.)

What's Confusing and how to fix it:

In the second paragraph, the writer describes a way to "enter" this investment. He did that to make it sound different from an ordinary investment—but here it's just Confusing. It brings to mind a slew of questions I never had before. The only real solution here is to cut the entire second paragraph.

Confusing Numbers

When you use too many numbers, your reader's eyes start to glaze over. Here are two examples. The first from a promotion about the "Next Generation" Internet... the second from a promotion about silver mining companies...

- Example #1

And in regards to future Internet use, Security Soft indicates that "87% of US teens ages 12 to 17 currently use the Internet, representing about 21 million youth, 11 million of which go online on a daily basis."

What's Confusing and how to fix it:

Five numbers is way too many in one sentence. Instead, say: 87% of US teenagers use the Internet... and more than half of them go online, every single day.

- Example #2

You see, whereas gold is hoarded purely for investment purposes, silver has many industrial functions as well. So, although gold is rarer inside Earth's crust, most mined gold stays above ground forever. Mined silver, on the other hand, is continuously being depleted. There are around 4 billion ounces of gold in global inventories, according to the US Geological Survey. But there's 10 times less silver above ground.

What's Confusing and how to fix it:

How can you have "10 times less" of something? You can have 50% less... or even 80% or 90% less. So instead, the last two sentences should read: There are around 4 billion ounces of gold in global inventories, according to the US Geological Survey. But there's 10% as much silver above ground.

Vague Language That Gets Confusing

Very often, copywriters are not specific because they want the copy to have mystery and suspense. The danger

is that this will frustrate and confuse your reader, and he will stop reading. Here's an example of what I mean:

In 2002, members of Congress and President Bush began formulating a new economic bill to benefit a certain group of investments. Investments, which also happened to be owned by many of those same members of Congress. Consulting with them was Dr. John Rutledge. A world-famous economist who has worked for several US Presidents. In short, Rutledge found that their proposed law would:

"Be the biggest event to hit the asset markets since 1981... Have a huge impact on asset prices, interest rates, growth, and the dollar... Create a host of opportunities for investors to make money and... Create a wave of restructuring, recapitalization, and acquisition events among US companies."

What's Confusing and how to fix it:

Here, the copywriter didn't name the bill, the investment he's talking about, or the law... so it turns into a garbled mess.

To fix it, simplify the copy and the point you're trying to make. Save the study for another section, after you explain what's going on:

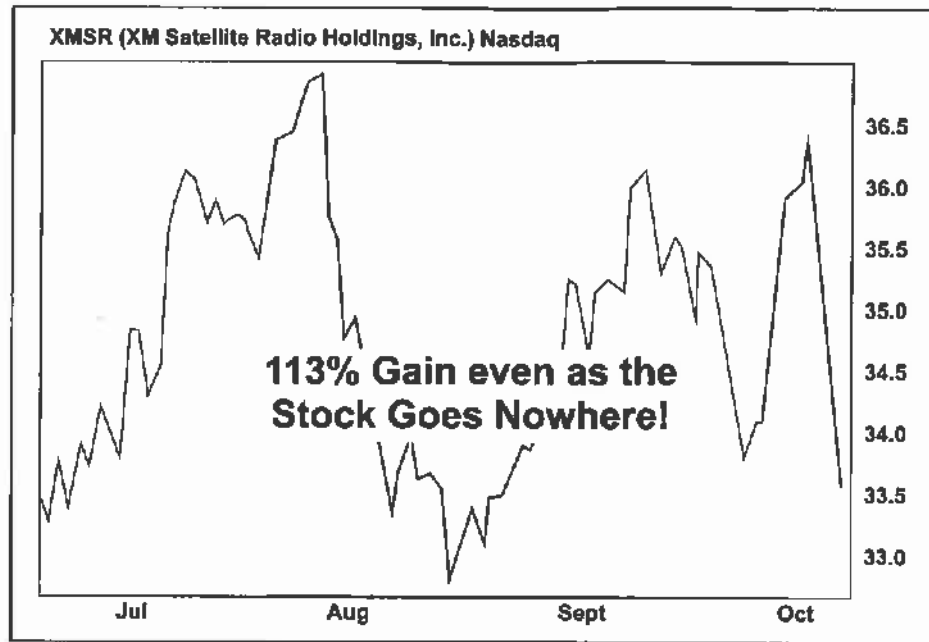
In 2002, members of Congress quietly passed a bill to help themselves. You see, most people don't know that while Senators and Representatives may have their differences, they almost all like to get rich on the exact same investment. So they passed a bill to make this secret Congressional investment even more profitable than it was before. Here's what I mean...

Confusing Graphics

Charts and other graphics, used sparingly, are great for all types of copy, not just financial newsletter promotions. Someone flipping through your promotion may not read every word, but he will definitely look at your graphics. The secret is to make them simple and easy to understand. Here are two that are Confusing:

- **Example #1**

On June 21, 2005, this radio giant offered a similar options play that made 113% gains in less than 4 months... enough to pocket \$11,300 in profits on a \$10,000 stake—even as the stock did absolutely NOTHING. Take a look...

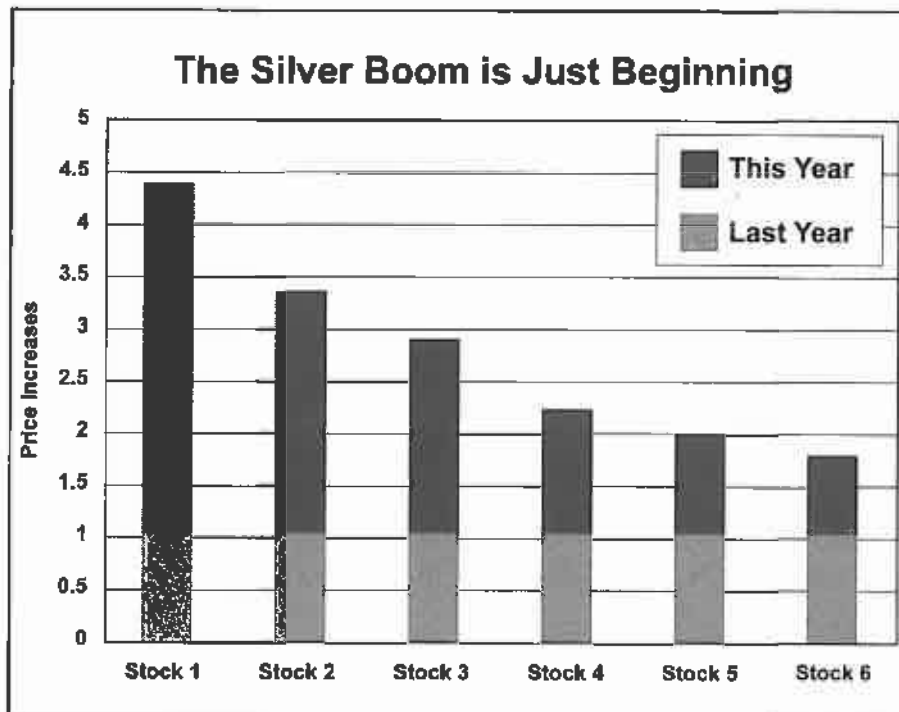


What's Confusing and how to fix it:

The chart says the stock "went nowhere." Does that look like "nowhere" to you? Looks like huge moves up and down, right? BETTER: Say the options went up 113%... while the stock price moved violently up and down.

- Example #2

This chart shows you what kind of profits I'm talking about if you follow my recommendations:



What's Confusing and how to fix it:

This graphic is Confusing on many levels. First, I have no idea what the writer is trying to say. Second, the gains from the stocks look like they are getting smaller. Is that what he wants the reader to take away?
SOLUTION: Redo this chart completely, or simply make a bulleted list with percentage gains.

Too Many Ideas at Once

One thing to remember is that your reader will only take away one idea from your promotion. Great copy is one really powerful and unique idea... simply explained and proven beyond any reasonable doubt. Many copywriters try to throw in way too many ideas, with disastrous results. For example...

The companies that make up the "Oil & Gas Prosperity Program" can be tough to find. After all, not many people know about them. But I've spent the past year (including three trips to Canada) researching the 6 very best participating businesses, which pay you the fattest and most frequent dividend checks. All 6 companies play a vital role in the oil and gas industry. In fact, they're an integral part of a very recent development in the Canadian oil sector—one that has industry experts tripping over themselves in excitement... In fact, according to Tom Harding of the University of Calgary, this breakthrough is "maybe even bigger than the railway."

Let me give you the full details... The story no one is telling...

The explosion of interest in the oil sands region is familiar to investors. As you may know, the capital of the oil sands frenzy is a town called Fort McMurray, located north of nowhere. Trapped beneath the frozen tundra lies seven times more oil than Saudi Arabia's proven reserves... enough oil to last us 4,896 years.

What's Confusing and how to fix it:

Confused? I am. Here, the writer has so many ideas going on that it's incredibly tough to follow. First there's the Oil and Gas Prosperity Plan, made up of six companies. Then there's the idea of big dividend checks. Then the idea that there's a recent development in Canada's oil sector. Then the idea of oil sands... and a small town called Fort McMurray... and oil trapped beneath the frozen tundra. Remember, your reader, no matter how smart, can process only one idea at a time.

One way to fix this is to simply cut some of the ideas and tighten it up:

The companies that make up the "Oil & Gas Prosperity Program" can be tough to find. After all, not many people know about them. You have to go to a Canadian town called Fort McMurray to get the full story.

Well, I've spent the past year (including three trips to the area) researching the 6 very best participating businesses, which pay you the fattest and most frequent dividend checks.

All 6 companies play a vital role in getting this oil and gas out of the ground. (Keep in mind, there's 7 times more oil here than in Saudi Arabia.)

Much easier to follow, don't you think?

The 2nd Part of the CUB Critique: Unbelievable Copy

How do you fix copy that has been marked Unbelievable? The two best solutions are to (1) cut it or (2) prove it. A distant third solution is to have the "narrator" acknowledge that the claim is unbelievable—but you can typically do that only toward the end of the promotion... and you should not do it more than once.

For example, you can say something like: "I know this sounds unbelievable... and I wouldn't believe it myself unless I had seen it with my own eyes... but, etc."

Remember, this is your last choice. It's always better to cut or prove any Unbelievable statement.

Let's look at a few examples...

Unbelievable Claim

This is a section of copy about a \$5,000-a-year specialty micro-cap, biotech investment advisory:

We pay a premium for Rob and George's specialized knowledge—and we spend a fortune sending them around the world to investigate companies firsthand. This is why Phase I Investor is our most expensive and exclusive research service.

What's Unbelievable and how to fix it:

The claim about "spending a fortune sending them around the world to investigate companies firsthand" is an example of the type of lazy copy you see in many promotions. And it's so easy to fix. All you need is a very short list of the places they've been over the past six months to prove the point. Be specific. When you are vague, it is almost always Unbelievable. Remember, your reader is not stupid. He knows you are trying to sell him something. So you absolutely must be specific at all times.

For example, you could say:

We pay a premium for Rob and George's specialized knowledge—and we spend a fortune sending them around the world to investigate companies firsthand. In just the past 6 months, for example, we've sent these guys to Singapore, Switzerland, Belgium, Vancouver, San Diego, Boston, Dallas, and New York—each time in pursuit of a new investment idea.

This extensive on-the-ground research costs us more than \$100,000 a year, and it is why Phase I Investor is our most expensive and exclusive research service.

Not Enough Specific Proof

Here's a great example of a section of copy that is mediocre... but can easily be made much stronger by making it more believable:

You see, big gold companies—companies that explore and produce gold—take on all kinds of risk. They spend tremendous amounts of money identifying a target gold deposit... exploring it... developing it... and building the infrastructure to mine it.

What's Unbelievable and how to fix it:

Not too bad, right? But look how much stronger the copy gets when you prove the point with specifics, simply by adding two short paragraphs beneath it. Not only is the reader more likely to believe the claim... you also give yourself instant credibility, because it shows you understand how the industry works and have the connections to get these facts.

For example, one of the most popular mining trucks today costs a whopping \$2.7 MILLION. Each tire costs \$30,000... and the annual fuel costs run more than \$1 million per truck!

Plus, I haven't even mentioned the costs of labor... insurance... permits... storage... and the hundreds of other pieces of super-expensive equipment you need to operate a mine.

Unbelievable Clichés

You've got to work very hard in your copy to remove as many of the "sales" and copy clichés as possible. Why? Because when your reader comes across a cliché he's heard in other marketing pieces, it reminds him of the fact that this is a sales letter, and it makes him think your product is no different than others he's tried before. Here's a cliché that appears in many financial newsletter promotions:

Again, I think that's a bargain, considering a small investment in just one of the opportunities you read about each month in Phase 1 Investor could pay for your subscription... many times over.

What's Unbelievable and how to fix it:

This cliché is not terrible, but it's certainly overused. You'd be much better off showing a testimonial from a skeptical buyer... who was able to more than pay for his subscription from the gains he made. Or use the newsletter's track record to show that the reader can make money from the very beginning, so it actually won't cost him anything.

For example:

Is Phase 1 worth the price? Well, you'll have to judge for yourself, but we had a similar question posted recently on our members-only message board.

Ron Shepard, from St. Paul, MN, responded: "I'd never even dreamed of spending \$5,000 per year for an investment newsletter... but I have to say, it's worth every penny. I've made my money back, and then some. Phase 1 might turn out to be the best bargain I've ever had!"

Not Enough Facts

Here's an example of a claim that's not backed up by any proof whatsoever:

In short, every Fortune 500 company, small business, college, and non-profit organization will have to convert to the Next Generation Internet over the next few years. That's why Forbes calls it a \$10 trillion industry over the next decade.

What's Unbelievable and how to fix it:

This statement may be true, but why should a reader believe it? There are many possible solutions. You could show how one or two Fortune 500 companies are already making the transition. Or you could include a quote from a major newspaper that essentially makes the same point. Also, notice how even the quote from Forbes is not believable, because the writer didn't put anything in quotation marks. We don't know what the magazine actually said.

A simple fix:

In short, every Fortune 500 company, small business, college, and non-profit organization will have to convert to the "Next Generation Internet" over the next few years. Many have already done so, including: Microsoft, Home Depot, Apple, Best Buy, IBM, Exxon, GM, Walmart, and AT&T. That's why Forbes calls it a "\$10 trillion industry over the next decade."

Remember, if you've got a good idea to sell, the #1 reason your reader won't buy is because he doesn't believe you. Prove everything. You can always go back during your final edits and take out some of your proof if you've got too much.

Unbelievable Explanation

In almost every type of promotion, one of your reader's objections will be: "If this is so good, why haven't I heard of it before?" As a general rule, you should try to answer this objection somewhere in your copy. But the explanation needs to be good... and believable. Here's one that's not. It's in a promotion about how much oil is located in Saskatchewan's oil sands region, which is right next to the well-known Alberta oil sands region.

The question is, if Saskatchewan's oil sands are so rich, then why hasn't anyone tapped them yet? Well the answer is, quite simply, that no one ever thought to look there!

What's Unbelievable and how to fix it:

Is anyone going to believe that a huge oil province, which is located right next to one of the biggest oil discoveries in the world, is just sitting there untapped... because no one thought to look there?

I seriously doubt it. To fix it, we simply moved up a piece of copy that appeared later in the sales letter and offered a much more plausible explanation:

The Saskatchewan government only recently put into place the regulatory framework and workforce infrastructure that enables companies to get the oil out.

The original explanation—that no one thought to look there—should simply be cut. And I think that’s an important point. Sometimes you might have to cut things even if they are true... just because they sound so unbelievable.

A String of Unbelievable Claims

Here’s a good example of a section of copy that is Unbelievable on many levels.:

I’ve found two companies in the stock market—which have so much cash on hand that even if they stopped doing business today you could still make a profit as a shareholder. With solid stocks like these—if worse came to worst, the two companies would simply buy themselves, and you could still make a profit.

But let me emphasize: These stocks won’t remain cheap for long. You’ll make the best and safest gains if you get in now...

You won’t have opportunities like this for at least another 10 or 20 years. These are the kind of stocks that you can buy now, in very large quantities, and bank on for the rest of your life. I expect the long-term average annual gains from both of these positions will be above 20% for the life of your investment. You just can’t do any better than that.

What’s Unbelievable and how to fix it:

This is a disastrous section of copy that needs to be cut or proven, point by point. As a reader, I certainly don’t believe I can make money if these companies stopped doing business. Show me an example. I also don’t believe these companies would “buy themselves.” What does that even mean? Again, show me an example. I don’t believe they are going to remain cheap for long... or that I won’t have this opportunity for another 10 or 20 years... or that I can possibly make 20% a year for the rest of my life.

Here’s one way to fix it:

I’ve found one company in the stock market—which is so asset-rich that even if they stopped doing business today, and the company had to be sold off in parts, you could still make a profit as a shareholder.

Remember, this company owns about \$500 million worth of beachfront real estate... yet it’s valued on the stock market at just \$250 million! You may remember a similar situation about five years ago... a company called Donnely Holdings decided to split up and sell off its parts, including lots of valuable real estate.

Shareholders walked away with 120% gains, overnight!

If you wait, I can almost guarantee you will miss this opportunity. Remember, this company has been this cheap only once in its 50-year history. And soon after it got this cheap, it went on a 2-year run in which investors made 357%. You have that chance again now... but it won't last long.

The 3rd and Final Part of the CUB Critique: Boring Copy

There's simply no reason to send out a promotion with Boring sections of copy... because it's such an easy thing to fix.

There are several things a copywriter will do that will bore the reader to the point of putting the copy down. Let's look at some examples...

Boring the Reader With What He Already Knows

A classic copywriting mistake is to go on and on about a problem your reader already knows exists. At most, you should simply remind him of the problem. Then focus most of the copy on the opportunity and the solution. For example:

Today's financial climate is cause for any investor to be worried...

With the dollar plummeting, oil prices hitting record highs, and the housing market in a slump, it's clear that the 5-year-old bull market has come to an end.

The Dow Jones industrial is down more than 1,100 points since the start of the year. The Standard & Poor's 500 is almost 15% off its most recent high. And key blue-chip indexes are now down nearly 10% from their recent record highs...

Even indexes of smaller stocks are down almost 14%. On top of that, this is an election year. And the uncertainty that every election brings is often an obstruction to US market performance.

This means that unless you're one of those rare Americans whose savings are tucked away in a foreign bank, you'll likely lose money over the next few years, if you haven't already...

What's Boring and how to fix it:

If you are writing to someone who has cancer, you don't have to tell him how bad cancer is. If you are writing to someone who needs a job, you don't have to tell him how bad it is to be unemployed. If you are writing to an investor, you don't have to go on and on about how bad the markets are... he knows how much money he's lost and how terrible it is. What you need to do is tell him not to worry... there's a solution.

The above copy should be cut entirely... or perhaps cut down to a sentence or two, such as:

The financial markets are a mess. Stocks, bonds, real estate... everything is falling.

But the good news is, there's an extremely safe way for you to get extra income right now, which very

few Americans have considered...

Spending Too Much Time on a Boring Subject

You must act as an “excitement filter” for your copy. Meaning, you can’t allow Boring subjects to linger. What kinds of subjects are guaranteed to be Boring? Well, tax regulations... how the US healthcare system works... general legal principles, etc. Even if your promotion has something to do with one of these things, you must filter out the complexities to make sure your reader does not get bored. For example, here’s a section of copy from a promotion about the US healthcare industry. The overall copy was very strong, but at this point in the copy the writer got bogged down in minutiae:

No wonder the St. Louis Post-Dispatch calls these Pharmacy Benefit Manager (PBM) companies “the most mystifying actors in the healthcare system... that make hundreds of millions of dollars a year...”

Of course, Express Scripts is probably the most well-known independent PBM.

Many pharmacies themselves operate PBMs... such as Pharmacare (owned by CVS) and Walgreens Health Services (owned by Walgreens).

Or they can be part of larger managed care organizations, such as Prescription Solutions (a subsidiary of UnitedHealth Group). But many of the other independent PBMs are privately held... and fairly secretive...

You won’t find much information on companies like 4D Pharmacy Management Systems, Argus, Benecard Services, Emdeon, Innoviant, and WellDyne... just to name a few.

What’s Boring and how to fix it:

This copy needs to be cut down and simplified. The writer is making an interesting point here—that every time you buy a drug, there’s a secret middleman that makes a huge profit. But too many details make this Confusing and Boring. Here’s one fix:

Did you know that every time you buy a drug, there’s a middleman, called a Pharmacy Benefit Manager (or “PBM”) that makes a huge profit?

Even when you buy from big drug discounters like Walgreens or Rite Aid... the PBM middleman gets a huge cut.

Most of these PBMs are privately held firms (like Argus, Benecard Services, Emdeon, Innoviant, and WellDyne... just to name a few). But a few are publicly traded... and might be the safest way to make money in America over the coming years...

Boring Copy That Drags

When reviewing your copy, you have to keep in mind that there are a dozen or more other things competing

for your reader's attention. You simply can't let the copy drag. You can't let his eyes glaze over. The copy has to get to the point, and fast. Here's a good example of copy that is wandering, taking far too long to get to the point:

My goal in Vancouver was to find the best new mining companies (readers who took advantage of the 398% and 145% gains we made on our last small mining recommendations understand why)...

But instead of finding a new mining company, Rick introduced me to the kind of super-small, unknown stock you would only ever hear about from a true "industry insider" like him... someone with all the right connections... someone at the center of the action.

I can almost guarantee you've never heard of this stock.

It's far too small, unfortunately, to recommend to my True Wealth or DailyWealth readers...

But it's perfect for a much smaller group. Normally, I would reserve a recommendation like this for readers of my most exclusive research service, Sjuggerud Confidential... but I'm writing today to show you how to receive my research on this situation, basically free of charge.

You see, I have just completed a new Research Report with all the details on the small secret "insider" company I discovered in Vancouver. In my new report, you'll receive all the details on this company—where to buy it, who to call, and when to sell.

But first, I want to show you why Rick compares this company (which he calls "the best business in the world") to a similar business whose shares went up 525%... and why the small stock I recommend you buy right now could possibly return even more than that in the next several years.

What's Boring and how to fix it:

You'd have to be a very patient reader to stick with this copy. No one cares about which service it would be recommended in... or what the writer was looking for... or who told him about it. This copy wanders all over the place, boring and confusing the reader. It needs to be cut down to about one paragraph.

Here's one solution:

I recently went to Vancouver (the gold and silver mining capital of the world) to do research on opportunities in this sector.

But what I found instead shocked me. In short, it's a company that I predict will go up by 500% or more in the next few years thanks to the mining industry... yet it has NOTHING to do with finding valuable elements or getting them out of the ground.

It won't matter which mining companies make it, and which fail. It won't matter who makes the big discoveries. THIS COMPANY will get paid no matter what... and will make a fortune over the next few years.

I was tipped off to this opportunity by one of the richest men I know (a man who is personally worth several hundred million dollars). Let me explain exactly what I'm talking about...

That's the CUB Critique in a nutshell: Get people to go through your copy and mark up any sections that are Confusing, Unbelievable, or Boring. Fix these sections by editing them out entirely... making them more specific... and cutting them way, way down.

—Mike Palmer

12 QUESTIONS TO ASK AFTER THE PEER AND CUB REVIEWS

After promoting both the Peer Review and the CUB Review—and using them almost daily for several years—I thought there might be a need for another kind of review. Because it is possible for a package to successfully go through both of those processes while still missing something important.

The Peer and CUB Reviews rely on the existing copy. They can suggest corrections and additions. The Peer Review does this directly and the CUB Review does it indirectly. But if there are elements that have been entirely left out of the copy (e.g., the answers to common reader objections), it might not be noticed.

So I'm proposing a checklist to make sure that doesn't happen.

The checklist might begin by asking: Does the lead score above a 3.0 in the Peer Review? Assuming the answer is "yes," here are 12 more questions that need to be asked:

1. Does the lead copy make clear why the prospect should read on right now as opposed to later?
2. Does the copy establish the credentials of the spokesperson? Are they impressive?
3. Is the spokesperson likeable?
4. Are the key claims and facts proven convincingly?
5. Does the sense of emotional excitement that is created in the lead continue consistently until the end?
6. Are all the features of the product expressed as benefits? And not just superficial benefits but deeper benefits?
7. Does the copy use a false close and then add an additional liquidating benefit?
8. Is the offer irresistible?
9. Does it have some sort of immediate action component?
10. Is the offer restated at the end in a way that raises its allure rather than lowering it?
11. Does the guarantee make the offer feel like a no-brainer?
12. Is the order form simple and easy to follow?

The best time to ask these questions might be after the CUB Review revisions but before legal review. (If you are confident that they wouldn't slow down the package by sending it back into Revision Land.)

—Mark Morgan Ford

— Snapshot in Time —

Friday, February 27, 2009

The Creatorial Process

Having a hard time developing new sales letters and new products?

I was very impressed with what we just did in Baltimore and how well it seemed to work.

Pair up each of your copywriters with an editor or contributing writer. Every pair has one week to come up with four different headlines and leads (about a page worth of copy for each lead).

When the headlines and leads are written, have everyone send them to your publisher or copy chief. They play grandmaster... circulating each of the leads for a 60-second "mini-review." The mini-review only involves writing back an email with a 1-4 rating on the headline plus another 1-4 rating on the lead. Comments of a paragraph or two are allowed, but optional.

You'll see a wide disparity in the rankings. But if there's anything at all promising... there's a very good chance it will rise to the top in the overall rating it receives. The rest you can toss. The writer-copywriter pair can then develop that lead further.

Then, via conference call, everyone gets on the phone and does a full-scale Peer Review of that one winning lead. Or maybe you choose to do a Peer Review on two leads, so you can have a fallback.

That means you again rate the headline and lead... and ONLY do "What if..." changes to the copy until every possible suggestion has been exhausted. Zero commentary, at least until this is done. When the conference call is over, you have 24 hours to turn in the newest revised version of the head and lead... at which point you set a deadline about 3-4 weeks out and write the promo.

Lather, rinse, repeat... until you've got a new control.

This is called the "creatorial" process (because of the creative-editorial pairings).

It starts at least a week ahead of a large team meeting.

In our mini-group of Chris Mayer, Samantha Buker, and me, we managed to come up with six different leads to write in about 45 minutes. Each of us had 24 hours to write two leads per person. In each of the mini-groups or pairings, the copywriter collects the finished lead samples and then circulates them via email to the entire team for a mini-review rating. We had 18 people participating in ours, so that meant 18 people reviewing each piece of copy. And, of course, since everyone wrote two different pieces of copy, that meant 36 different reviews of copy for each person to complete.

In our case, we had five different products—and five different editor-copywriter pairings—coming to the meeting. Which meant five chosen leads to Peer Review. And that's what we did with the bulk of our time. (We used some of the afternoon to review control copy from other divisions, brainstorm new offers, etc.)

We also made a point of asking the editors to present the copy chosen for each creative pairing.

So the editor would say, "This is a [state one of the six lead types]... and the single big idea behind it is [state in a sentence the main message of the lead]." Then the editor would read the lead out loud as the rest of us followed on a printed copy.

After which, the Peer Review starts... following the usual Peer Review rules.

End result: During our editorial brainstorming meetings of the past—which were breakthroughs of their kind when we started them—we typically got 1-3 controls and a lot of ideas that never made it on the schedule or got developed.

With this "creatorial" approach, we're certain we've got five strong heads and leads on new promotions... with the first 2-3 pages written for each... plus immediate and workable deadlines and a clear course of what needs to happen next to get all five into the mail.

What's more, I think we're all pretty confident that the hands-on copy work for the editors... and the sheer quantity of reviews they'll do each time and piles of copy they'll evaluate... is more engaging than just being told "copy matters." It will radically speed up training. We expect to quickly see much more mature copy instincts even in the non-marketers, much as we've observed with the Stansberry & Associates crew over the last couple of years.

Keys: Pair up editors and copywriters well and make sure you have a high volume of leads to choose from before you pick which ones will make it into the Peer Review session. It helps to get started at least a week in advance of the team meeting.

—John Forde

ADDING ANOTHER LEG TO THE THREE-LEGGED STOOL

The Four-Legged Stool was developed in the early 1990s at Agora when we asked ourselves one simple question: Why is it that our main competitor's promotions are beating ours time after time?

To find out, we collected every package they produced over a 12-month period and spent a month studying them. Were they making bigger or better promises than we were?

The answer was no. If anything, our promises were stronger than theirs.

Were they providing better proof than we were? Did they support their claims better than we supported ours? The answer, again, was no. Our packages were equal to theirs in proving our claims.

Did their packages have bigger or better ideas than ours?

No. In fact, Agora's copy was famous for its "big ideas."

Finally, we noticed something they were doing that we weren't doing at all.

They were taking pains to provide their gurus with credibility. They were laying out their credentials: their schooling, their professional accomplishments, the accolades they had garnered in their industry.

There was nothing in our copy that addressed credibility. We were so focused on our ideas and promises and proof that we neglected it. We knew we were credible. We knew our products were good. And so we supposed our readers would somehow know that too. But they didn't. And how could they, if we didn't provide them with evidence of it? Could the lack of credibility be diminishing our response rates?

We decided to give it a test. We started inserting copy that demonstrated credibility in several of our existing promotions.

The results were impressive. Immediately, those packages started performing better. Packages that were pulling in a one-half of one percent response rate suddenly started pulling in three-quarters of a percent. And one-percent packages were bringing in readers at a percent and a half. We realize then that we had been trying to compete with a disadvantage. We were using what we called the Three-Legged Stool Test, making sure our copy had the three elements that all good marketing must have: a big idea, a promise of benefit, and support for every claim that's made. So we were balancing our promotions on three legs... but our main competitor was balancing theirs on four.

Thus we initiated the Four-Legged Stool Test.

A properly built sales letter, we concluded, must contain four distinct and important elements:

1. A big or unifying idea
2. A substantial promise of benefit supported by subordinate claims
3. Ample proof for every claim that is made
4. Evidence that the product and person behind the sales letter are credible and trustworthy

We employed the Four-Legged Stool Test regularly thereafter.

And, sure enough, we noticed a distinct improvement in the response rates our packages were getting. Better packages mean more revenues and eventually more profit. We grew beyond the \$50 million mark and were soon competing equally with our main rival at \$90 million to \$100 million a year.

That growth was not entirely due to the use of this four-point checklist. But it was an undeniable factor in that success.

Many years later, I am still using the Four-Legged Stool Test. I find it to be a quick and easy way to detect potentially fatal problems in advertising copy. I used it to figure out what was wrong with an email promotion one of my clients had sent out. They had high hopes for the copy because it was written by a talented new copywriter and because everyone who read it thought it was strong.

When it failed to get even a decent response, the marketing team came to me and asked, "What the heck just happened?"

It didn't take me long to figure it out.

The copy was based on a good idea and was full of promises and benefits. It was also rich with claims and had plenty of proof. But one leg of the stool was missing: There was nothing in the copy about the credentials of the person who had authored the home-study program it was selling.

"If you asked me who the number one expert on this subject is," I told the marketing team, "I'd say it was the guy who wrote this program. And yet the copy doesn't mention his qualifications. There's nothing about how great he is at teaching this critical success skill. No endorsements from other professionals. No examples of how he's helped people. And no testimonials from people who've benefited from his advice."

I pointed out how successful advertising packages for similar products were very strong in providing credentials. Then we went through the promotion, inch by inch, identifying where it missed the mark. And in less than an hour, we were able to create an outline for a new promotion that had all four elements of the Four-Legged Stool.

In teaching new copywriters about the Four-Legged Stool, we have found that there is sometimes confusion about what we mean by a "big" or "unifying" idea or the difference between credibility and proof. To clear up any confusion, I have provided examples of each leg below.

The 1st Leg of the Stool: The Idea

Coming up with a big “tipping-point” idea is the single best way to create a breakthrough promotion.

Big tipping-point ideas not only capture your prospects’ attention but signal to them that they are going to learn something valuable by reading the rest of your letter. Big ideas trigger a “Yes! That’s so true!” type of response.

They confirm deep-seated beliefs your prospects have about the world, and appeal to deep-seated desires they have about what kind of people they want to be. Without a big idea, a promotion can work—and sometimes work well. But the prospect may not be emotionally committed to the product because he won’t understand how buying it will solve some bigger, life-changing problem.

Here is an example of what I mean by a tipping-point idea:

How the French Live Longer Than Everyone Else...

Even though they eat like kings and smoke like chimneys!

Tipping-Point Idea: French people live long healthy lives without dieting or exercising or doing any of the other things U.S. doctors are always recommending that we do. How is that possible?

To prospects concerned with health and longevity, this idea is compelling because it offers to answer a question that has puzzled them for many years: Why do French people, who eat cheese and pastries and rich sauces, stay so thin? It also offers an explanation for something they have just discovered: The French are not only thinner than most Americans... they outlive them too!

Implicit in this tipping-point idea is a promise that will appeal to almost anyone: that you can eat like a French person... and lose weight and live longer. Tipping-point ideas always come equipped with appealing promises. That accomplishes two tasks at once:

1. They involve the prospect’s mind and divert him from the impending sale.
2. They include an implicit promise that “hooks” the prospect emotionally.

Imagine this lead without a big idea. It would probably be something terribly dull—like “How to Stay Healthier and Live Longer.”

The 2nd Leg of the Stool: The Promise of Benefits

As marketers, we like to say that we sell the sizzle, not the steak.

What we mean by that is that we convert features—the raw facts about the product—into promises. Promises make it easy for prospects to imagine how much better their lives will be once they begin using the product.

Here is the beginning of a five-year control written by John Carlton that is benefit-rich, targeting health-conscious men wanting to improve their sex lives:

The Astonishing Sex Secrets Of The Most Satisfied... Most Knowledgeable

... And Most Respected Lovers In The World!

Learn to enjoy the best sex of your life, at any age... with the amazing secrets and discoveries in this just released "For Men Only" book that is dramatically changing men's (and women's) lives literally overnight...

Dear Friend,

With your permission (and with strict precautions for privacy), I am going to send you one of the most important and most exciting books ever released by an American publisher. News of this surprising "bestseller" is spreading like wildfire among men in every age group. In it, you will find the complete "secret" sexual education that all men desire... including breathtaking sexual facts so powerful... they astonished the sex experts and doctors that discovered them!

And guess what? For the next 21 days... You Can Read It FREE! Here, finally, is your opportunity to learn the "world-class" sex secrets that only a handful of lucky people even knew existed a short time ago... including the "super-advanced" skills, know-how, and techniques of...

As you can see, Carlton is very direct about making promises here. He promises not only sexual satisfaction but sexual "secrets" that seem to go beyond what his readers might normally expect.

It is the copywriter's challenge, when presenting a product, to take its features and turn them into benefits... and then make those benefits as deep as he possibly can. Good copywriters know that we buy with our hearts and then rationalize our buying decisions with our minds. Thus benefits are always stressed early, and features are presented after the emotional sale is made. Features help the mind rationalize decisions that the heart has already made.

The best copywriters take this one step further. They understand that beneath the obvious benefits that people want—and can get—from a particular product, lie deeper benefits that are stronger and can never be gratified.

Example #1. Selling a sports car

- *Feature:* The 420 horsepower Audi R8 will go from 0 to 60 mph in 4.6 seconds.
- *Benefit:* You'll blow the doors off most other production sports cars in your Audi R8.
- *Deeper Benefit:* You will feel more virile.
- *Expressed indirectly:* "Imagine the rush you'll feel as you rip past the young punk in the 'tricked up' Camaro."

Example #2. Selling a financial newsletter

- *Feature:* Our investments are based on sound financial principles, not market timing.
- *Benefit:* You don't have to worry about fluctuations in the market.
- *Deeper Benefit:* You're going to feel smarter than other investors.
- *Expressed indirectly:* "Let other investors wake up in a cold sweat, worrying about what turns the market will take. You'll sleep soundly at night knowing your nest egg is safe."

Example #3. Selling a toothbrush

- *Feature:* Angled bristles
- *Benefit:* Angled bristles reach the trouble spots between your teeth and gum line... and remove the harmful bacteria and plaque that straight bristles can't get to.
- *Deeper Benefit:* You'll feel confident knowing you have fresh breath and a great smile—especially in intimate situations.
- *Expressed indirectly:* "Just brush your teeth with the new XPro toothbrush 3 times a day and let your smile shine. Best of all, no more worries about how close you are when you're talking to someone."

The 3rd Leg of the Stool: Proof

A tipping-point idea combined with lots of enticing benefits will do most of the work your copy needs to do. It will sell your prospect's heart. It will make him want the product even if he doesn't know the first thing about it. But once a prospect has made the emotional decision to buy, his rational mind kicks into gear. "Gee, I hope this product really does what it says," he thinks. "It sounds really cool and they are making a lot of claims. How do I know I can believe them?"

There are many ways to back up your claims. The most common involve the product's track record (using statistical data and figures), independent research studies, and testimonials.

Example #1. Track record for a currency trading advisory service

Take a look for yourself... and just imagine... what those who turn a "blind-eye" will be missing out on.

Note: Dates listed are when I recommended people get out of a trade, not when my recommendation was made.

3/2/2007 Yen 100.00%

3/5/2007 Aussie 110.53%

3/30/2007 Canadian 50.34%

4/24/2007 Yen -40.79%

5/24/2007 Euro 50.00%

7/2/2007 Pound 59.9%

That's an Average of 53.07% in Profit... Per Trade! Impressive, isn't it? To put that into perspective... If you had been on board for this financial joy ride, like our "beta-testers," and assuming you invested just \$5,000 in each of these recommendations, you could have deposited... Over \$71,000 in Pure Profit...

Example #2. Independent research studies for a heart health supplement

So safe, it's FDA-APPROVED for use in baby food: Proven 3 times safer than aspirin—used worldwide for 56 years without any significant adverse effects reported. So effective, you can actually SEE it working: 1,823 medical studies prove it works and 1,526 U.S. doctors prescribe it every day!

Example #3. Testimonial for a golf system

"Simple, quick to learn, easy to do time after time. This is the fastest way to get maximum power in your golf swing." —Ted Harris, Golf Pro

The 4th Leg of the Stool: Credibility

Just as you need to provide proof that the product will do what you claim it will do, you need to establish the credentials of the people and the company behind it.

Example #1: A personal profile of your expert/product creator

His name is Nick Osborne. He's spent 25 years in the marketing trenches—11 of them exclusively dedicated to online copywriting. He's worked with dozens of major companies, including Microsoft, Yahoo, Disney, Citibank, AOL, The New York Times, and Apple, just to name a few. He's also worked with small companies to help them boost their bottom lines. He trains his clients' writing staffs on how to write results-producing copy. And the neat thing about Nick is he not only "does" it, but he also knows how to teach it... in simple steps anyone can follow. (That's partly why so many companies are after him.)

Example #2: Validation by credible third parties

- *"I was a stockbroker for 19 years. I trained with the 4th largest NYSE member firm at that time. I learned more from Dr. Sjuggerud in the last 8 months about the wide universe of investments than I learned in 19 years as a broker... Steve's recommendations are conservative, they make sense, and they regularly make large profits—much more than one would expect from safe investments." — Andrew Lawson, Charleston, SC*
- *A Standing Ovation for Martin D. Weiss, Ph.D. THE GENERAL ACCOUNTING OFFICE of the U.S. CONGRESS (GAO) heralded the fact that Weiss beat its closest competitor by a factor of 3 to 1 in forecasting future financial troubles. BARRON'S agrees, saying the GAO report is a "glowing tribute to Weiss." Investigative journalist JACK ANDERSON calls him GUTSY and reports that his financial ratings are "THREE TIMES MORE ACCURATE" than anyone else in the business. THE WALL STREET JOURNAL calls him "FEISTY." ESQUIRE noted that Dr. Weiss's firm is "The only company [that] provides financial grades free of any possible conflict of interest."*
- *Julian Whitaker, MD, editor of Health & Healing, is considered by many to be America's #1 health champion. A graduate of Dartmouth College and Emory University Medical School, Dr. Whitaker served his internship at Grady Memorial Hospital in Atlanta, and his residency at the University of California Medical Center in San Francisco. Together with the legendary Linus Pauling, Dr. Whitaker cofounded the California Orthomolecular Medical Society. From 1976 to 1977, he served with Dr. Nathan Pritikin on the staff of the Longevity Center ... Dr. Whitaker writes a weekly medical column in*

a major Southern California newspaper and is the author of three popular books on reversing medical problems. In addition, he has been seen on the Merv Griffin Show, the Sally Jesse Raphael Show, PM Magazine, and 150 other television and radio programs.

Once you have these concepts firmly in mind, you will be able to quickly run through the four-point checklist when **evaluating** any copy. Copywriters can use it to make sure their copy is well balanced before they show it to anyone. Marketers can use it to detect weaknesses in copy that is given to them.

The Four-Legged Stool Test is not meant to be incorporated in the Peer Review or the CUB Critique. It is an analytical tool—something you should use to assess a promotion that has already been written. It is easy to do. **And it can be a big help in avoiding disappointment.**

The Four-Legged Stool Test won't, in itself, guarantee breakthrough copy. But it will make all your copy well balanced. **And sometimes, as we found out, having a well-balanced promotion can make the difference between doing well and doing very well.**

—Mark Morgan Ford

— *Snapshot in Time* —

Friday, May 30, 2008

POD: The Long Road to Great Copy

Twenty years ago, the number one complaint among publishers in our industry was: Why aren't there more good copywriters?

We started the POD in the early 1990s in our first attempt to do what publishers had talked about doing for so long: creating a facility for training copywriters. (POD was a triple entendre... meaning Pere [father] of Dimes, Pair of Dimes, or Paradigms. There are many double entendres in literature, but few triple entendres. We were very proud of it.)

We began with a group of about 12 writers. We met with the writers once a week to discuss copy. Each member of the team had to work on a project, which would be discussed by the group. The first thing we realized was that we needed a common language to describe the weaknesses, opportunities, and challenges of writing. Thus evolved a whole set of jargon and rules.

This was very successful. Many of Agora's most productive people—John Forde and Addison Wiggin spring to mind immediately—came from that group. More important, perhaps, were the theories and secrets that were developed from those original lessons and lectures. Dozens of concepts and strategies and rules were developed that helped that first generation of copywriters teach the second generation and the third.

These concepts were refined along the way. And new ones were added.

Then, several years go, Thom Hickling conducted a brainstorming session that indirectly resulted in the Peer Review system. Distrusted at first because of its touchy-feely quality, it has become a mainstay for positive copy review that's had an enormous impact not just on the quality of our copywriting but the quantity as well.

Then Porter made a startling discovery—that Bill's idea of locating creativity in-house was the best way to generate the quantity of high quality copy he needed. He quadrupled the budget that divisions were spending on in-house talent and hired Mike Palmer to run it. Then Mike went out and hired a new POD of future copywriters and made the Peer Review the central teaching and editing method of his division.

The results were immediate and impressive. Porter's group started leaping ahead of everyone else in terms of making front-end mailings work. Julia Guth and Addison were quick to follow his lead. They, too, saw quick and welcome results and their divisions grew rapidly.

Mike was not done with his inventions. He instituted a medieval guild system for grading and training and compensating copywriters. This worked wonderfully and allowed him to keep Stansberry & Associates ahead of the pack.

Other publishers paid attention. But it was not until Mike Palmer gave his presentation at the Jamboree last year that we were able to see exactly how it worked and why. Mike also explained a new system he had invented for quickly improving the body of a sales promotion (the Peer Review focuses on the lead): the CUB critique, which made it possible to review and improve an entire sales letter in a matter of hours rather than days. And it put control of the creative with the copywriters—where it belongs—rather than the marketing managers who had traditionally been in charge of copy.

CUB is an acronym. C is for Confusing. U is for Unbelievable. B is for Boring. As we all know, the lead of a package is the most important part. That's where the real selling takes place. But even if you get up a good lead, you still have to give the rest of the package the CUB critique... to make sure you don't "blow it" further on.

Mike's speech was very generous. It had a wonderful, rippling effect throughout the company.

At the same Jamboree, Steve Sjuggerud and Alex Green explained what good writing meant to them. Steve's reliance on simplicity (and his belief in the Flesch-Kincaid readability test) was also widely copied by shrewd publishers and creative directors.

The Flesch-Kincaid test is a way to make sure your copy (editorial or marketing) is easy to read. It tells you, for example, how short and simple your sentences are. Your words too. This is not to be confused with the depth and complexity of the ideas in the text. Generally, the simpler the language, the richer and more satisfying the ideas can be.

And here's another thing that happened at the Jamboree... Jack Forde and I unveiled a new theory of understanding and producing better leads. We combined the "six classic genres" I had talked about with Jack's discovery of the importance of Gene Schwartz's measure of distance between the reader and the product. This discovery is just being put into effect now. And it is making a big difference among those who are using it.

In the past six months, I have had regular meetings with the Oxford Club copywriters (headed by Jay Livingston), the Sovereign Society copywriters (headed by Justin Ford), the Taipan Group (headed by Sandy Franks, Justice Litle, and Chip), as well as ETR's team. I have been very impressed with both the leadership and the quality of creativity in all those groups. I haven't met with Agora Financial, but I know I'd feel the same way about them.

The happy ending to this long history is this: right now, Agora no longer has a problem producing quality copy. We do have some divisions that are lagging behind in this important area. But they have a very effective model to rely on now. One that can produce extraordinary results relatively quickly... as Sovereign Society and Taipan have shown.

It's really pleasing to be able to say this. We have done what 20 years ago we all secretly thought could never be done.

We will have tougher challenges to face in the future. But we have the talent now to meet that challenge. We need to bring all the publishing divisions up to speed and keep pushing, but it's a job I'm confident we can do.

The next step has already been taken—bringing this process over to the editorial side in order to produce more high-quality editorial copy. If we follow the model we have now, we will succeed. To reiterate, the model consists of:

- Locating creative in-house
- Headed up by an accomplished writer who understands the model
- Grading and incentivizing the writers
- Using the Peer Review to review all important editorial leads
- Using the CUB critique to improve the rest of the editorial copy
- Getting all writers to write mini-leads every day
- Using the genre program to help create good leads

The idea of the genre program is that all good leads fall into one of only a handful of different styles. I can't remember them all right now... but it makes it a lot easier when writers understand the model with which they are working.

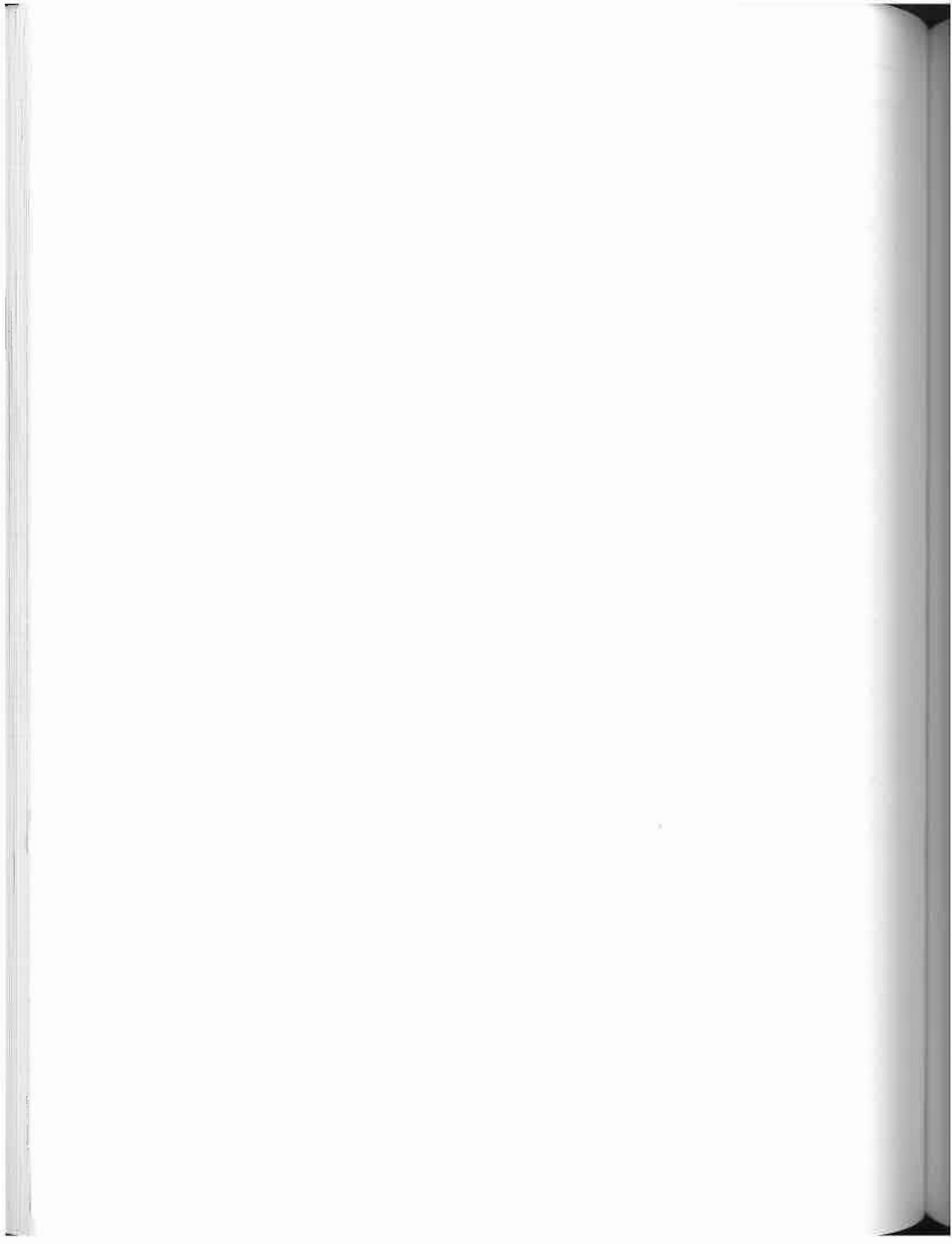
If we can get our publishing groups to do that on the editorial side, it will make everything work better because we will be able to crank out more high quality writing than our competitors... by a mile.

The process was a long one, but the result was a great one. I feel very optimistic about this part of our future and very happy to be involved in it.

—Bill Bonner

RECOMMENDED READING FOR BOOK TWO

- *Confessions of an Advertising Man* by David Ogilvy
- *Copy Logic! The New Science of Producing Breakthrough Copy* by Mark Morgan Ford (Michael Masterson) and Mike Palmer
- *Great Leads: The Six Easiest Ways to Start Any Sales Message* by Mark Morgan Ford (Michael Masterson) and John Forde
- *Influence: The Psychology of Persuasion* by Robert B. Cialdini
- *Ogilvy on Advertising* by David Ogilvy
- *Scientific Advertising* by Claude Hopkins
- *The Architecture of Persuasion: How to Write Well-Constructed Sales Letters* by Mark Morgan Ford (Michael Masterson)
- *The AWAI Accelerated Program for Six-Figure Copywriting*
- *The Copywriter's Handbook: A Step-by-Step Guide to Writing Copy That Sells* by Bob Bly
- *The Secrets Of Emotional, Hot-button Copywriting* by Denny Hatch
- *The Unpublished David Ogilvy* by David Ogilvy



BOOK THREE

**SALES AND MARKETING
MASTERY FOR EXECUTIVES**



CHAPTER I

INSTANT SALES & MARKETING GENIUS



THREE KEY CONCEPTS EVERY MARKETING GENIUS MUST MASTER

To market Agora products, you need to understand three key concepts:

1. The difference between wants and needs
2. The difference between features and benefits
3. The difference between front-end and back-end marketing

1. The Difference Between Wants and Needs

In today's consumer-driven economy it's easy to mistake a want for a need. How many times have you heard one of the following statements?

- "I simply have to have that new handbag!"
- "John hates his hair and says he needs a better barber."
- "We need a bigger house."

None of those things are needs—something you can't live without. Our needs are really few and simple: air, water, food, shelter, transportation (sometimes), clothing (usually), the tools of our trade, and so on. Just about everything else that we buy is based on our wants. And even when it comes to needs, like food and clothing, our buying decisions are often based on wants. We want a certain type of bread, a specific brand of clothing, a house in a particular neighborhood, and so forth.

Recognizing that we are in the want business will help you become a better marketer and salesperson, because you will see that you have to create want in your prospect's heart. Many first-time marketers make the mistake of creating sales campaigns that are logical and rational—X number of ways their product is better than someone else's. If your product really is a necessity, like a tractor or heating oil, you could get away with that kind of pitch. But it won't work for most products, because it doesn't do what copy has to do when you are selling wants: stimulate emotions.

You have to stimulate your prospect's emotions, but not just any emotions. You want to stimulate emotions that will help you sell your product. To do that, you have to get potential customers thinking about how your product is going to improve their lives. And the best way to do that is with advertising copy that demonstrates your product's *benefits*.

2. The Difference Between Features and Benefits

A good way to learn the difference between features and benefits is to use the example of a No. 2 pencil. So

let's pretend you are selling a No. 2 pencil.

Take out a sheet of paper. At the top of the left-hand side, write "Features." At the top of the right-hand side, write "Benefits."

Then list all the features you can think of—everything the pencil is or has or does. For example:

- It is made of wood.
- It has a specific diameter.
- It contains a lead-composite filler.
- It has an eraser at the end.

In listing these features, you are describing the objective qualities of the pencil. And if buying were strictly a rational process, selling it would be that simple—listing its features. Your prospect would then evaluate them and make a logical buying decision.

But buying is not entirely rational. In fact, rationality comes into play only after the irrational process—the emotional sale—has already taken place. This is good for you as a marketer of No. 2 pencils, because you want to sell as many as you can, even to people who might have enough pencils or to people who hardly ever use them.

So now shift over to the right-hand side of your worksheet. And for every feature you listed for your No. 2 pencil, come up with as many related benefits as you can think of.

- For "made of wood," a related benefit might be "easy to sharpen."
- For "has a specific diameter," a related benefit might be "comfortable to hold."
- For "contains a lead-composite filler," a related benefit might be "creates an impressive line."
- For "has an eraser at the end," a related benefit might be "makes correcting easy."

You get the idea.

Keep going until you have a nice long list of benefits. (I've conducted workshops on features and benefits that have produced more than 200 benefits for a No. 2 pencil.)

But don't stop with ordinary benefits. Go deeper.

What might be a deeper benefit of having a pencil that is easy to sharpen?

To figure that out, ask yourself, "Who are my target buyers? And why, exactly, would they want a little thing like sharpening a pencil to be easy?"

Of course, there's no single answer to such questions. If your target buyers are busy executives, their reasons are going to be different than those of a busy housewife.

An executive might want the little things in his life to be easier because he is buried in work. Perhaps he senses that if he could just get a little more spare time in his day he could finally clear out his inbox. And perhaps he could write that memo he's been thinking about that could give his career a boost.

He is not thinking these things consciously. But such thoughts occasionally cross his mind. And when these thoughts appear, he feels some emotion—probably frustration.

So on your worksheet, list that as a deeper benefit of having a pencil that is easy to sharpen (even though it may seem like an exaggeration, or even irrational): “Reduces the frustration of falling behind at work and feeling like you will never get ahead.”

Deconstruct every benefit you originally listed into deeper benefits. And make those benefits very specific to your prospects—based on emotions that are tempting or taunting them... fantasies they dream about during the day or fears that keep them up at night.

What, exactly, do you think they want? More money? More prestige? And if so, why? A bigger home? A nicer car? What? And why do they want those things? To please their families? To impress their friends? And why do they want to please their families and impress their friends?

These are the emotions that you are going to tap into with your advertising copy.

3. The Difference Between Front-End and Back-End Marketing

There are few marketing distinctions more important than the difference between front-end and back-end marketing. Understanding how each works is critical to accelerating growth and maximizing profitability.

Front-end sales are from prospects—people who have never bought anything from you before. Back-end sales are from your existing customers. The purpose of the front-end sale is to acquire a new customer. The purpose of the back-end sale is to produce a profit.

If you understand this concept, you are ahead of the pack. Many marketers never discover this important growth secret.

When you start an information publishing business, your top priority is to find as many qualified subscribers as you can as quickly as you can. You do that by discovering the optimum selling strategy for your lead product. But turning hundreds or thousands (or even hundreds of thousands) of prospects into new subscribers isn't the way to expect to generate profits. Selling new subscribers your more profitable back-end products is.

To bring in as many qualified subscribers as possible, you must be willing to just break even on your front-end product, or even take a loss. It doesn't matter. Because you can go back to them and sell them your back-end products.

Back-end marketing is extremely easy. All you have to do is tell your new subscribers about your new products and give them some incentive—almost any incentive—to buy. If someone has bought from you once and found it to be a pleasant experience, they will be happy to buy from you again.

To bring in new subscribers in a competitive market, ordinary products won't do. Tipping-point innovations are what you need. One single tipping-point product is normally enough to launch a successful business. If you can produce another one every year or two, you'll be sitting pretty all the way to the top of the ride. Because, as I have already pointed out, your subscribers will be highly disposed to buy lots more products from you...

so long as you treat them well and present them with appropriate buying opportunities. That's your back end.

And here's the amazingly wonderful thing about the back end. It is not only a much easier sale than the front end... it is much more profitable. For one thing, your marketing costs are proportionately much lower. And if your front-end product was priced at \$50, chances are your back-end product can sell successfully at 10 times that amount.

Front-end products need to be tipping-point to create significant growth. But back-end products can be very ordinary, and they will still bring in lots and lots of money. You already have a relationship with your subscribers. They know you. They trust you. And, most important, they trust you to sell them more of what they have already bought from you—which is exactly what you want to do!

—Mark Morgan Ford

THE ADVERTISER MUST UNDERSTAND PSYCHOLOGY

The competent advertising man must understand psychology. The more he knows about it the better. He must learn that certain effects lead to certain reactions, and use that knowledge to increase results and avoid mistakes. Human nature is perpetual. In most respects, it is the same today as in the time of Caesar. So the principles of psychology are fixed and enduring. You will never need to unlearn what you learn about them.

We learn, for instance, that curiosity is one of the strongest human incentives. We employ it whenever we can. Puffed Wheat and Puffed Rice were made successful largely through curiosity. "Grains puffed to 8 times the normal size." "Foods shot from guns." "125 million steam explosions caused in every kernel." These foods were failures before that factor was discovered.

We learn that cheapness is not a strong appeal. Americans are extravagant. They want bargains but not cheapness. They want to feel that they can afford to eat and have and wear the best. Treat them as if they could not and they resent your attitude. We learn that people judge largely by price. They are not experts.

In the British National Gallery is a painting which is announced in a catalog to have a cost of \$750,000. Most people at first pass it by at a glance. Then later they get farther on in the catalog and learn what the painting cost. They return then and surround it.

A department store advertised at one Easter time a \$1,000 hat, and the floor could not hold the women who came to see it. We often employ this factor in psychology. Perhaps we are advertising a valuable formula. To merely say that would not be impressive. So we state—as a fact—that we paid \$100,000 for that formula. That statement when tried has won a wealth of respect.

Many articles are sold under guarantee—so commonly that guarantees have ceased to be impressive. But one concern made a fortune by offering dealers a signed warrant. The dealer to whom one paid his money agreed in writing to pay it back if asked. Instead of a far-away stranger, a neighbor gave the warrant. The results have led many to try that plan, and it has always proved effective.

Many have advertised "Try it for a week. If you don't like it we'll return your money." Then someone conceived the idea of sending goods without any money down, saying, "Pay in a week if you like them." That proved many times more impressive.

One great advertising man stated the difference this way:

Two men came to me, each offering me a horse. Both made equal claims. They were good horses, kind and gentle. A child could drive them.

One man said, "Try the horse for a week. If my claims are not true, come back for your money."

The other man also said, "Try the horse for a week." But he added, "Come and pay me then."

I naturally bought the second man's horse.

Now countless things—cigars, typewriters, washing machines, books, etc.—are sent out in this way on approval. And we find that people are honest. The losses are very small.

An advertiser offered a set of books to businessmen. The advertising was unprofitable, so he consulted another expert. The ads were impressive. The offer seemed attractive, "But," said the second man, "let us add one little touch which I have found effective. Let us offer to put the buyer's name in gilt lettering on each book." That was done, and with scarcely another change in the ads they sold some hundreds of thousands of books. Through some peculiar kink in human psychology, it was found that names in gilt gave much benefit to the books.

Many send out small gifts, like memorandum books, to customers and prospects. They get very small results. One man sent out a letter to the effect that he had a leather-covered book with a man's name on it. It was waiting for him and would be sent on request. The form of request was enclosed, and it asked for certain information. That information indicated lines on which a man might be sold.

Nearly all men, it was found, filled out that request and supplied the information. When a man knows that something belongs to them—something with his name on it—he will make an effort to get it, even though the thing is a trifle.

In the same way it is found that an offer limited to a certain class of people is far more effective than a general offer. For instance, an offer limited to veterans of the war. Or to members of a lodge or sect. Or to executives. Those who are entitled to any seeming advantage will go a long way not to lose that advantage.

An advertiser suffered much from substitution. He said, "Look out for substitutes," "Be sure you get this brand," etc., with no effect.

Those were selfish appeals. Then he said, "Try our rivals' too"—said it in his headlines. He invited comparisons and showed that he did not fear them. That corrected the situation. Buyers were careful to get the brand so conspicuously superior that its maker could court a trial of the rest.

Two advertisers offered nearly identical food products. Both offered a full-size package as an introduction. But one gave his package free. The other "bought" the package. A coupon was good at any store for a package, for which the maker paid retail price.

The first advertiser failed and the second succeeded. The first even lost a large part of the trade he had. He cheapened his product by giving a 15-cent package away. It is hard to pay for an article which has once been free. It is like paying railroad fare after traveling on a pass. The other gained added respect for his article by paying retail price to let the user try it. An article good enough for the maker to buy is good enough for the user to buy. It is vastly different to pay 15 cents to let you try an article than to simply say, "It's free."

So with sampling. Hand an unwanted product to a homemaker and she pays it slight respect. She is in no mood

to see its virtues. But get her to ask for a sample after reading your story, and she is in a very different position. She knows your claims. She is interested in them, else she would not act. And she expects to find the qualities you described.

There is a great deal in mental impression. Submit five articles exactly alike and five people may choose one of them. But point out in one some qualities to notice and everyone will find them. The five people then will all choose the same article.

If people can be made sick or well by mental impressions, they can be made to favor a certain brand in that way. And that, on some lines, is the only way to win them.

Two concerns, side by side, sold women's clothing on installments. The appeal, of course, was to poor girls who desire to dress better. One treated them like poor girls and made the bare business offer. The other put a woman in charge—a motherly, dignified, capable woman. They did business in her name.

They used her picture. She signed all ads and letters. She wrote to these girls like a friend. She knew herself what it meant to a girl not to be able to dress her best. She had long sought a chance to supply women with good clothes and give them all season to pay. Now she was able to do so, with the aid of men behind her.

There was no comparison in those two appeals. It was not long before this woman's long-established next door rival had to quit.

There are endless phases to psychology. Some people know them by instinct. Many of them are taught by experience. But we learn most of them from others. When we see one winning method, we note it down for use when occasion offers.

These things are very important. An identical offer made in a different way may bring multiplied returns. Somewhere in the mines of business experience we must find the best method somehow.

—Claude C. Hopkins

LONG COPY VS. SHORT COPY

Since time immemorial—or at least for the quarter-century I've been in direct marketing—people have vigorously debated the merits of long vs. short copy.

"If you are selling something worth more than \$20, I'll put my money on longer copy every time," says marketing expert Jim Murphy. "Because it gives me a chance to provide more facts, benefits, and credible copy. And I'll put my money on a DM kit over a self-mailer. Because with a kit, I have a chance to get your order with the letter, brochure, or order form."

I don't pretend that I can settle the debate once and for all. But I've developed a tool, which I call the Copy Length Grid (below), that can at least enable us to determine copy length in a somewhat more scientific and semi-quantitative fashion.

Audience: _____			
Product: _____			
Involvement	High	Long Copy	Medium Copy
	Low	Medium Copy	Short Copy
		High	Low
		Emotion	

The Copy Length Grid says there are two major factors determining whether long or short copy will work best for your promotion: emotion and involvement.

Emotion refers to the degree to which the purchase is emotional. Buying a diamond engagement ring is a highly emotional purchase, while little emotion is involved in deciding which staples to buy.

Involvement refers to how much time, effort, and thought goes into the product purchase. As with most large purchases, a lot of consideration goes into the selection and purchase of a diamond engagement ring. But most of us grab the first box of staples on the shelf at Office Depot without giving it a second thought.

To use this system for determining copy length, rate these two criteria—emotion and involvement—as high or low for the product you're selling. This dictates what quadrant of the Copy Length Grid you end up in, which, in turn, gives you at least a rough guideline for copy length.

For instance, the purchase of a diamond engagement ring is highly emotional. And it's a "considered purchase"—something you give a lot of thought to—so it rates high in involvement too.

As you can see in the grid, this puts us firmly in the upper left quadrant, indicating that long copy is appropriate for this offer.

On the other hand, staples are more of an impulse purchase. When we need them, we go to the store and pick up the first box we see. No emotion and very little thought goes into this purchase.

That puts us in the lower right quadrant of the grid, which indicates that writing long, passionate copy about staples probably isn't going to sell more of them.

Of course, the Copy Length Grid is only a rough guide, not a precise analyzer. There are a number of other factors to take into account when determining copy length.

These factors include:

- *Price.* The more expensive a product, the more copy you generally need to sell it. You need lots of copy to build the case for value before asking for the order, so that when the price is finally given, it seems like a drop in the bucket compared to what the buyer is getting in return.
- *Purpose.* Copy that sells the product directly off the printed page or screen (known as "one-step" or "mail order" copy) usually has to be long, because it must present all product information and overcome all objections. Copy designed to generate a lead ("two-step copy") can be short, since a catalog, brochure, or salesperson will have the opportunity to present product details and overcome objections later.
- *Audience.* People who are pressed for time, such as busy executives and professionals, often respond better to short copy. Prospects with more time on their hands, such as retirees, as well as those with a keen interest in your offer, such as hobbyists, are more likely to read long copy.
- *Importance.* You can sell products people need (e.g., a refrigerator, a phone) with short copy because... well, the prospect has to buy them. Products that people want but don't have to buy (e.g., exercise videos, self-help programs, financial newsletters) must be "sold" and require long copy to do so.
- *Familiarity.* Short copy works well with products the prospect already is familiar with and understands. This is why vouchers and double postcards are frequently used to sell subscriptions to popular, well-known magazines.

Based on the Copy Length Grid and these other factors, long copy is not always better. There are many instances when short or almost no copy works well. This is the case with items that "sell themselves," such as staples.

But for items that have to be "sold"—life insurance policies, luxury automobiles, IT systems, collectibles, high-end jewelry, career training—long copy is often required because of the degree of emotion and involvement.

—Bob Bly

COMMODITY SELLING VS. DISCRETIONARY SELLING

The logical mind presumes that we buy things because we need them. And that is certainly true of some purchases. We buy gasoline when the gas tank is low and milk when the carton is almost empty. But most other purchases are made for products and services we don't need. We may think we need them, but we really don't.

Think about it...

As much as you wanted that latte at Starbucks, you could have made your own coffee at home or done without coffee. As much as you wanted that new CD, you could have contented yourself with listening to the radio or one of your other CDs. And you certainly could have done without the books you ordered from Amazon. You could have gotten all of them from the library.

You wanted those things, so you bought them. And though you may have found them entertaining and even useful, you didn't need them.

Even most of our discretionary business buying decisions are made not because we need something but because we believe it will enhance our business lives—a new suit, for example, or a laptop. In other words, they are made out of want.

The things we buy because we need them—like rice and heating fuel—are called commodities. And because commodity selling is selling to needs, it's boring. The needs are obvious. Plus, the profit potential is limited. Consumers don't want to pay a lot of money for commodities. In fact, they want to spend as little as possible. And once their need for a commodity is filled, they won't buy any more of it.

Discretionary selling, on the other hand, is selling to desire. That's exciting because it involves human psychology. And it can be extremely profitable.

In the commodity-selling business, there is enormous pressure to keep prices low. Thanks to modern technology, every consumer is linked to thousands of suppliers from all over the world. And thanks to the Internet, consumers can go virtually anywhere to get the best price. All of that worldwide downward pressure on pricing can have no other effect than a reduction of profits.

This is not true for anyone who is selling a discretionary, non-commodity product—one that is purchased only because the buyer wants it. If you are selling a discretionary product, the price you charge isn't dictated by what your competition is charging. It's dictated by how you position your product in the marketplace. That is because the value of your product is not objective but perceived.

—Mark Morgan Ford

THE COLLABORATIVE APPROACH

A Simple Idea That Will Increase Your Sales by at Least 200%

In 2010, Stansberry & Associates' back-end *Phase 1 Investor* produced an astounding \$5.8 million in net sales. "Net sales" is the number you get after subtracting refunds from gross sales.

That's the number that matters.

And *Phase 1*'s 2010 net sales total was the highest in S&A history. (It has since been surpassed.)

The new video format was instrumental in producing this record. And our front-end file sizes were bigger than ever... which means we had more potential back-end buyers than ever.

But no format is going to work without huge, interesting ideas.

Phase 1 employed a unique strategy to generate those ideas...

Each month, *Phase 1* editor Frank Curzio hosted a brainstorming conference call with S&A's editor in chief, Brian Hunt, S&A's copy chief, Mike Palmer, copywriter Ryan Markish, and *Phase 1* researcher Larsen Kusick.

Ryan was on every call because he wrote every *Phase 1* promotion in 2010. *Phase 1* was his "baby."

Frank would bring three or four of his favorite investment ideas to the call. Mike, Ryan, and I would listen to the ideas... then offer our thoughts on which ones were the most interesting from both marketing and editorial standpoints.

For example, Frank would tell us he liked idea A, idea B, and idea C. Then I might chime in and say A and B sound like they would make for great reading and great investing... but C doesn't interest me.

Then Ryan or Mike would chime in with something like, "Yes, A and B could make for great editorial... but B is by far the best idea from a copy standpoint."

We would all agree that B was the best idea for Frank to write about in his monthly issue. Ryan would work with Frank to produce a package about the idea.

The package would come out at almost the same time as the issue... a marketing approach that adds urgency and excitement. (Not every issue resulted in a promo, but most of them did.)

This approach yielded a monster hit with "Gold Sands" (\$1 million in net sales). It yielded "Supernova Gold" (\$992,000 in net sales). It yielded "The Next Royal Gold" (\$831,000 in net sales). It yielded "Thermogenic Oil" (\$681,000 in net sales).

Along with various other efforts, these promotions generated \$5.8 million in net sales. The closest individual pub to this total in 2010 was *Retirement Trader*, with \$3.4 million in net sales.

Phase 1 beat second place by \$2.4 million. Most of our individual pubs didn't generate \$2.4 million in net sales all year.

This incredible year was driven by a new way of producing big ideas: the "collaborative approach"... where copywriters give the editor a nudge in the "sales direction" before the editorial is produced.

I suspect many editors won't be interested in this cash-gushing franchise approach.

It's not the old-school approach of an investment guru writing whatever he wants each month, then leaving it up to the copywriters to sell it.

The process can be painful for the editor. He regularly hears that some of his ideas aren't marketable or interesting.

It requires the editor to do more planning... and more researching. He's not flying by the seat of his pants with this approach.

Also, you have to pair up an editor and a copywriter who get along and communicate well with each other. This can be a tough thing. (There were plenty of little disagreements during the year.)

Frank was willing to check his guru ego at the door, work his butt off, and listen to outside opinions.

Ryan was able to sink his teeth into big, exciting ideas that he liked from the get-go.

Frank retained 100% control over editorial. And no copy went out that was not approved by editorial. Some days, I bet Ryan felt like we were trying to torture him with our little ticky-tack edits.

And you can see... the approach worked. It helped *Phase 1* ring up an enormous amount of sales. It takes more work and more communication than most folks are used to, but it's incredible... \$5.8 million is incredible.

The obvious benefit of the collaborative approach is that it "nudges" analysts into writing about marketable ideas.

Let's say an analyst is considering two ideas: pipeline stocks that pay 8% dividends... or banking stocks that pay 8% dividends. To make it simple, we'll say he is equally bullish on both ideas.

In this example, the analyst would be nudged into writing about pipeline stocks. This is because, in copy, we could tell a great story about how cheap natural gas will transform the U.S. economy... and how owning shares of companies that transport, store, and distribute natural gas is a way to own "the superhighway" of the coming transformational boom.

Because investors hate banks right now, the analyst would be nudged not to write about banking stocks. It's unlikely we would be able to produce a hit package about banks.

All because of one 15-minute phone call, the analyst goes after the big, marketable idea... and avoids writing about the non-marketable idea. He uses his time more efficiently.

These collaborative approach conference calls—where the analyst bounces potential ideas off master marketers—are important because most analysts have no idea what is marketable and what is not. Left on their own, analysts will often write about boring, non-marketable ideas.

By “nudging” analysts in the direction of marketable ideas with the collaborative approach, the publisher uses his extremely valuable and scarce asset (the TIME of A-level content producers) in an efficient manner to pursue marketable ideas.

I'm not saying every issue results in a package with this approach, but it does result in a greater volume of marketable ideas. Again, it's important to state that, left on his own, the average analyst is going to write about a ton of non-marketable ideas. Porter Stansberry has a great eye for marketable ideas... but most analysts do not.

The average analyst is going to trip over one or two marketable ideas per year. But helped along by input from S&A copywriters/marketers, he's going to increase that to five or six marketable ideas per year. It's a huge increase in the volume of marketable ideas. It's a huge increase in what DRIVES our business.

Mind you, the analyst is not being told what to do. He's not getting bossed around. He is simply getting input on what ideas are marketable... and what ideas are not marketable. He's being nudged, not pushed.

With input from master copywriters and marketers, he drastically increases his efficiency. He also helps copywriters because he is often writing premiums as his monthly issues. This way, copywriters don't have to wait for premiums. They are written as the copywriters requested!

The “pipelines vs. banks” example demonstrates an immediate and direct positive result from the collaborative conference calls. But the indirect benefits of these calls are just as important...

Everyone who participates in these calls increases their knowledge of the business... and how to succeed in it. With these calls, you spread the insight and ideas of top-level people.

You train your people on how to recognize big ideas. You train them on how to write about big ideas. These calls are a tremendous training tool. I can't emphasize enough how important it is for top people to frequently share their ideas... and to walk other people through their thought process.

Even tiny insights that a guy like Porter Stansberry sees as “Marketing 101” are incredible, “Eureka!” insights to most employees.

Another “indirect” way these calls stoke ideas...

I've often found that when I have a great investment or trading idea and I want to get a copywriter excited about it, I have to explain the idea two or three different ways. Reason is, different human brains operate on different software. An explanation that might excite one copywriter might bore another. With these calls, you examine ideas from two or three different angles. You explain them with two or three different stories.

Often, just one new "explanation angle" is the tipping point for a great marketing idea.

Let's say an analyst is excited about an idea. He writes an issue about it. A copywriter reads the issue and thinks, "Kind of interesting, but not interesting enough." The copywriter writes the idea off, from a copy standpoint.

Now, let's say that same copywriter participates in a collaborative conference call. He hears Mike Palmer talk about the idea... he hears a marketer talk about the idea... and he hears the analyst talk about the idea from a different angle.

Because of these new inputs, a light bulb goes off in the copywriter's head... and he is now ready to write a package that will bring on 50,000 new names.

The copywriter simply needed to hear about the idea in a new way.

To state it again: These calls get people to examine ideas from many different angles. This allows them to think about ideas in new ways... deeper ways.

This benefit is harder to explain than the direct "pipeline vs. banks" benefit, but, believe me, it's an important benefit. Like a show dog, the idea is examined by a bunch of judges. The judges share their viewpoints and stories. It stokes discussion.

Not every conference call produces a big idea. Sometimes, you just "punt" and try again next month.

But the big keys here are: increased communication... increased training of employees by top level people... better use of our most precious and scarce resource (the TIME of top analysts/copywriters)... and a greater volume of big, marketable ideas.

The collaborative approach increases the idea flow and number of highly skilled employees.

—Brian Hunt

THE OPTIMUM SELLING STRATEGY FOR A NEW BUSINESS

How you sell your first product—the specific decisions you make about presenting and pricing and talking about it—has a huge impact on whether your business will be successful. However, the product almost never sells itself. To launch a business successfully, you have to discover your optimum selling strategy (OSS).

That means figuring out where to find your customers, what to sell them, how much to charge them, and the terms to offer. And though I am a big believer in originality, my best advice is to start by doing what the competition is doing.

As you gain experience, you may come up with innovative changes. You might find a new advertising medium to deliver fresh customers or develop an unusual offer to increase response rates. This is what you should be doing eventually. But at the beginning, imitate success.

What product will you sell first?

Having an idea for a brand-new product may be the most common way to start a business, but it's not always the best way. What if your product fails? What if it doesn't sell like crazy? What if you find out that it has already been sold, unsuccessfully, several times? What if it sells, but poorly, leaving you with financial losses?

You can avoid these pitfalls by starting with a "me too" product that is already selling well in the marketplace... but with a "twist" that makes it your own.

And don't risk your time and money on the success of a single product. For the best chance of having a successful business, you need to be flexible about what you are going to sell. Starting with a single product in mind is usually a big mistake.

You wouldn't think so from everything you see in the business media, because journalists love to tell success stories about pioneers who risked everything on a single idea. But the actual history of successful entrepreneurship tells a different story.

For every single-minded success, there are dozens of single-minded failures. You don't read about them, because their tales are so depressing. But they are the standard.

So stay flexible about the details. If one version of your product doesn't work, have several other versions in mind that might work better. A successful product captures the imagination of the marketplace. You can't know whether your product will do that until you test it. But if you are prepared to test several product ideas rather than just one, you will likely increase your chances of success.

How much will you charge?

The price you charge for your product has a major impact on sales—an impact that is second only to the appeal of the product itself.

Start—as you did with the product—with what the competition is doing. That is almost certainly where the market is, the soft spot where you should get the greatest number of profitable new customers. You can safely assume your competitors have already tested any product selling well at both higher and lower price points.

You will find that, for every product, there is an optimal selling price—a price at which the selling campaign will yield the greatest profits. This optimal price can change during the lifecycle of the product (being higher when the product is hot, for example), but it is always important to know. If you deviate from it significantly, you will reduce profits or even create losses where profits should have been.

In the newsletter business, we have found that consumer health publications are best sold at \$39 a year. If you sell them for less—at \$19 or even \$29—it is hard to cover fulfillment costs and remain profitable. If you price them higher—\$50 or more—response rates drop dramatically, which also results in reduced or negative profits.

In decades of experience, I've seen many prices tested in dozens of clever ways, but none has been able to beat the control price of \$39 for any significant length of time.

If I were launching a new health newsletter, I would want to start at the optimal price and only later test against it.

Test a higher-than-average price only after you have first sold your product at the industry standard—the optimal price—and have a handle on response rates, cross sales, upgrades, cost of product fulfillment, and customer service. If you test a higher price and it brings in the same number of responses as the lower price, you immediately increase your profits.

Generally speaking, the higher price should reduce the number of sales. The theory of market elasticity says that the number of sales will go down when the price goes up, and vice versa. The question is: by how much? If it is only a modest decrease, you might do better with the higher price because you will generate more gross profit and possibly bring in a higher-quality customer who will spend more money with you over time.

If you jack the price up too high, though, sales will drop precipitously to a point where you are bringing in too few new customers to maintain cash flow. This is usually easy to notice and fix.

I have had little success with selling front-end products at prices that are higher than the market. But I've enjoyed great success by undercutting the market. When you enter an existing market selling a popular me-too product at a discount, you can sometimes get a very strong response.

How will you persuade people to buy?

The optimum selling strategy includes the product you decide to sell, the pricing of the product, the media you choose to advertise in, and also the copy platform—the big idea behind your advertising campaign.

The best copy platform can change over time. But at any given moment, there is one best way to present your offer to your prospect—and your job is to find out what that is. The difference between a good copy concept and a not-so-good copy concept can be a difference of 100% or more in terms of response rates and profitability.

When you are starting a franchise, you may have a few ideas about how to sell your product—what features and benefits to emphasize and what words to use. But the only way you can discover the best copy platform is by testing it. You can test many different media at two or three different prices and using at least two completely different copy platforms.

Finding out which media will work is quick and easy. Testing the price takes a little longer, but is simple to do. It is the copy platform that requires the most time and subtlety, because it is hard to be certain when you've found the best approach. You have to keep trying different approaches to get closer to knowing.

Testing Away From the OSS

Once you have determined your initial optimum selling strategy, you can start to think about how you can “test away from it.” Spend some time brainstorming. Ask the key questions:

- What other products can we sell?
- What other media should we test?
- How can we make the offer more enticing?
- How can we make the advertising copy more compelling?

There are hundreds of ways a business can go bad, but only one sure way to make it better: Identify the optimum selling strategy for the stage of growth you're in and then focus 80% of your resources on implementing it. It's that important.

—Mark Morgan Ford

— *Snapshot in Time* —

Saturday, March 15, 2008

Everything Happens at the Margin

Here's another of our rules... this one from economics...

Everything Happens at the Margin.

But it applies to everything. Imagine a neighborhood with 100 houses, more or less the same. Imagine that only one house changes hands per year. The average house may have sold for \$150,000 each year for the last five years. But if one sells this year for \$100,000... that marginal house will bring down the value of the whole neighborhood.

Prices balance between supply and demand. The market itself may be worth billions... but it's the marginal buyer or seller who determines what the whole thing is worth. Likewise, two people may have the same job... and the same responsibilities. They may have the same level of interest and intelligence. But if one works an extra 30 minutes a day... that marginal contribution is going to give him a clear advantage.

And if two companies are competing for the same marginal reader... which one will get him? The one whose marketing is marginally better... whose product is marginally better... whose service is marginally better, faster, more targeted, and so forth.

You may say: "Well, what difference does a marginal subscriber make?"

Ah ha... he makes all the difference.

In a mailing, the difference of one marginal subscriber per hundred prospects is usually the difference between profit and loss. Then, the marginal subscriber, showing up on your list of customers, makes the difference between profit and loss on your back-end products too... and the marginal reader, visiting your website, makes the difference between profit and loss there.

At the scene of a traffic accident, in which the driver of a fancy Jaguar was killed after he hit a cement truck, a police officer was heard to remark: "He almost missed it."

Alas, everything happens at the margin.

—*Bill Bonner*

IF THE THOUGHT OF SELLING MAKES YOU CRINGE

To overcome any aversion you may have toward the idea of selling, you need to rid yourself of three common myths:

Myth #1

It is good to sell things that people need, like grain and milk, but it is bad to sell things that people don't need, like gambling vacations.

Reality. Guess what? Nobody really needs a nice house, a late-model car, grade-A beef, or a new outfit for their daughter's wedding. They think they need those things, but they don't. So if you want to market to needs, you can move to a developing country and sell flour.

Myth #2

It is good to sell things, as long as you don't charge much more than they are worth.

Reality. How do we determine what something is worth? Keep in mind that 95% of modern commerce is based not on selling basic commodities but on selling manufactured goods. Even most of the food we eat is manufactured. And when something is manufactured, there is room for quality differentiation. The perceived value of that little extra difference in quality is worth something. How much it is worth is entirely subjective.

Myth #3

It is good to make good things better, but it is bad to charge more for them.

Reality. Give me a break. More than 90% of what people buy (except for purchases of the very poorest members of society) is for wants, not needs. And a significant part (sometimes more than 90%) of what they pay for any given item is based on its perceived value. When you think of the additional value—real and perceived—provided by such things as organic vegetables, Rolex watches, and luxury hotels, you have to agree that it makes sense to charge for it.

—Mark Morgan Ford

DEVELOPING A STRATEGIC MARKETING SYSTEM

Great marketers are made, not born. It requires discipline, a precise system, and a highly strategic plan to develop your personal marketing genius. It also requires a different mindset than the one all your competitors use.

If you want to grow your business like a weed, gain a decisive competitive advantage, attract new customers in droves, and double and redouble your profits... you need to open your mind to one overriding "big" idea: You will never reap the rich rewards unless you develop a process to harness, harvest, and implement a strategic marketing system.

A successful strategic marketing system is built upon the following foundation...

Discovering Hidden Assets in Your Business

Every business has hidden assets, overlooked opportunities, underperforming activities, undervalued relationships, untapped resources, and intellectual capital. And until you commit to monitor, to examine, and to mine those on a continuous basis, you'll never maximize your performance income or profit.

Producing Short-Term Wins Each and Every Month

Short-term wins validate that the course you're on is correct. They don't have to be big victories. But you have to be committed to getting windfalls regularly. It could be a market windfall, a strategy windfall, or a sales windfall. But it is a goal you must reach every month.

Engineering Success Into Every Action You Take or Decision You Make

Most people are reactive and not pragmatic. They're not logical. They're not strategic. They're reactively tactical, and that's the worst thing in the world. You have to learn to be much more proactive in the way you think about your business.

Multiple Profit Sources

You must build your business on a foundation of Multiple Profit Sources instead of depending on one single revenue source. Why grow incrementally or linearly if you can grow geometrically and exponentially with the same time, effort, and capital?

The USP

Being different, distinctive, special, unique, and advantageous in the eyes of your customers is basic to your success. The concept of the "Unique Selling Proposition" is no longer merely having an advantage over your competitors. Today, you have to be seen as the only viable solution or opportunity for the problem or desire that your marketplace is trying to address. And you have to be creating real value for your customers based on the way your customers define value for themselves. Needs today may be singular, but means to fill them are so vast it's scary.

Maximizing Personal Leverage

You must focus on getting the maximum personal leverage from every action, investment, time, or energy commitment you ever make. This is a simple concept, but you probably don't have it indelibly embedded in your mind. Just bringing this thinking to bear is going to dramatically improve your results.

Networking, Masterminding, Brainstorming

You must start networking, masterminding, and brainstorming with likeminded and success-driven people from outside your industry who can share perspectives, real-life experiences, and recommendations with you. If you're a lonely entrepreneur out there trying to knock it alone and you're not getting input from other people, you're making it very hard for yourself.

Being an Idea Generator

Turning yourself into an idea generator and recognized innovator within your industry or market will propel you from the middle of the pack to the leader.

Growth Thinking

Making growth thinking a natural part of your everyday business philosophy sounds simple, but few actually do it. You can't just give it lip service and say, "Yeah, we want to grow." You must drive everything you do through the screen, the filter, and the lens of a dedication to growth thinking. Always ask yourself, "Is this going to facilitate, is this going to contribute, and is this going to bring about our growth... or not?"

Risk Reversal

You will gain more customers, and keep more customers, by reversing the risk for both you and them in everything you do. Make the downside almost zero and the upside potential nearly infinite.

Continuous Testing on a Small Scale

By doing safe, small marketing tests, you eliminate dangerous risks and costly missteps. At the same time, it inspires you to enthusiastically keep experimenting and trying. To use a baseball analogy, what you don't want to ever do is go down looking at the third strike. You want to swing for it, but you don't want to swing for it

like "Casey at the bat." Getting a lot of singles and never striking out will win the game more predictably than anything else you can do.

Setting and Achieving Your Goals

You have to be able to set and achieve your own lofty goals. And you have to be able to recognize the process to achieve them. Many people have goals, but few reverse-engineer the systematic sequence of simple actions necessary to get them to the desired outcome.

You have to develop a process to effectively overcome obstacles. Struggling with challenges is a waste. Overcoming them, resolving them, and circumventing them is a mindset that you must choose to install.

A Positive Attitude

Lose the negative attitude. You can't let your own glass ceiling thwart you. It's simple, axiomatic, Logic 101. When you get the passion and the vision for what's possible... and you see how predictably, how pragmatically, how sequentially, and how quickly you can do it... your whole mindset is going to change.

Persistence

Like the military, you have to be committed to persistence. The military hopes that their frontal attack will work, but they're not going to leave the war and put up the white flag if they're confronted with resistance. They're going to go from the side, from above, from underneath. They're going to go by day, by night. And they're going to do all of that because they want to win the war.

Sure, it would be great if they could do it in one fell swoop. But they're prepared to do whatever it takes to be victorious.

Ethics

You have to distinguish yourself and operate at the highest ethical level. If you lower yourself, you won't be distinctive. You won't be preeminent. You won't stand out. But if you operate at the highest level, you will win over people and they will stay with you.

Vision and Process

Achieving a vision is difficult if you don't have the process to get there. Just having a big vision, and believing in it, is wonderful. But if you see the sequence of events that will lead to success, you will know that you're getting closer with each step you take.

You say to yourself, "I know where I want to go, and it will take 23 steps." Then you start counting. "Okay, one, two, now it's only 21 steps. Three, four, now it's only 19 steps. Five, six, now it's only 17 steps." Closer and closer.

Reinvesting Revenue

It almost makes me cry when I see a business that won't reinvest a portion of their increased revenue in the future of the business. They'll get a windfall. And instead of taking 50% of it and putting it into new people or more marketing or more selling systems or buying more leads, they'll just put it in their pocket and walk away.

Parlaying your successes by investing strategically and systematically in the future of your business is critical to your ongoing success.

Being Fearless

The sky won't fall. The world's not going to collapse. You won't go broke or look stupid. Quite the opposite is the case once you start to forge ahead without fear. Failure only goes to those who stay stuck in the status quo. Be committed to learning from the mistakes of others. It'll save you millions. It'll save you years. It'll save you emotional hardship. And it will catapult and propel you forward.

Constant Self-Motivation

The primary thing in implementing a strategic marketing system is to review, on a daily basis, what your vision is, what your goal is, and what you're going after. Because if you don't do that, you'll forget.

—Jay Abraham

Beta Test New Products Free to Existing Customers

Not every business has the option of launching new products by testing them first with existing customers. But if you can do it, you should. It's fast, safe, and profitable. Here's why:

1. Your existing customer base should always be your best market. If the new product launch doesn't sell quickly (for free) to those folks, it almost certainly won't work if you advertise it elsewhere.
2. Because the new product is advertised as a test and given away for free, it doesn't have to be polished. That saves a lot of money.
3. Test launching the product this way gives you customer feedback before it is officially launched. All that feedback has got to improve the product. Plus, it gives the marketing team compelling personal testimonials about the value of the product—some of which might be expressed with dramatic stories that can be used in your advertising.
4. And, finally, the announcement to your existing customers that a new product is being tested creates anticipation that can result in higher responsiveness when you market the product to them later on.

—Mark Morgan Ford

HOW TO CREATE ADVERTISING THAT SELLS

My advertising agency, Ogilvy & Mather, has created over \$1,480,000,000 worth of advertising and has spent \$4,900,000 tracking the results.

Here, with all the dogmatism of brevity, are 38 of the things we have learned.

1. The most important decision. We have learned that the effect of your advertising on your sales depends more on this decision than on any other: How should you position your product?

Should you position Schweppes as a soft drink or as a mixer? Should you position Dove as a product for dry skin or as a product which gets hands really clean?

The results of your campaign depend less on how we write your advertising than on how your product is positioned. That positioning should be decided before the advertising is created. Research can help. Look before you leap.

2. Large promise. The second most important decision is this: What should you promise the customer?

A promise is not a claim, a theme, or a slogan. It is a benefit for the consumer. It pays to promise a benefit which is unique and competitive. And the product must deliver the benefit you promise. Most advertising promises nothing. It is doomed to fail in the marketplace.

3. Brand image. Every advertisement should contribute to the complex symbol which is the brand image. Ninety-five percent of all advertising is created ad hoc. Most products lack any consistent image from one year to another. The manufacturer who dedicates his advertising to building the most sharply defined personality for his brand gets the largest share of the market.

4. Big ideas. Unless your advertising is built on a BIG IDEA it will pass like a ship in the night.

It takes a BIG IDEA to jolt the consumer out of his indifference—to make him notice your advertising, remember it, and take action. Big ideas are usually simple ideas.

Said Charles Kettering, the great General Motors inventor: "This problem, when solved, will be simple!" BIG SIMPLE IDEAS are not easy to come by. They require genius—and midnight oil. A truly big one can continue for 20 years—like our eye patch for Hathaway shirts.

5. A first-class ticket. It pays to give most products an image of quality—like a first-class ticket. Ogilvy & Mather has been conspicuously successful in doing this—for Pepperidge, Hathaway, Mercedes-

Benz, Schweppes, Dove, and others. If your advertising looks ugly, consumers will conclude that your product is shoddy, and they will be less likely to buy it.

6. *Don't be a bore.* Nobody was ever bored into buying a product. Yet most advertising is impersonal, detached, cold, and dull. It pays to involve the customer. Talk to him/her like a human being. Charm him/her. Make them hungry. Get them to participate.

7. *Innovate.* Start trends—instead of following them. Advertising which follows a fashionable fad, or is imitative, is seldom successful. It pays to innovate, to blaze new trails. But innovation is risky unless you pretest your innovation with consumers. Once again, look before you leap.

8. *Be suspicious of awards.* The pursuit of creative awards seduces creative people from the pursuit of sales. We have been unable to establish any correlation between awards and sales. At Ogilvy & Mather, we now give an annual award for the campaign which contributes the most to sales. Successful advertising sells the product without drawing attention to itself. It rivets the consumer's attention on the product. Make the product the hero of your advertising.

9. *Psychological segmentation.* Any good agency knows how to position products for demographic segments of the market, whether it is for men, young children, farmers in the South, etc. But Ogilvy & Mather has learned that it often pays to position products for psychological segments of the market. For example, our Mercedes-Benz advertising is positioned to fit nonconformists who scoff at "status symbols" and reject flim-flam appeals to snobbery.

10. *Don't bury news.* It is easier to interest the consumer in a product when it is new than at any other point in its life. Many copywriters have a fatal instinct for burying news. This is why most advertising for new products fails to exploit the opportunity that genuine news provides. It pays to launch your new product with a loud Boom-BOOM.

11. *Go whole hog.* Most advertising campaigns are too complicated. They reflect a long list of marketing objectives. They embrace the divergent views of too many executives. By attempting to do many things, they achieve nothing. It pays to boil down your strategy to one simple promise—and go whole hog in delivering that promise.

What works best in television commercials?

12. *Testimonials.* Testimonial commercials are almost always successful—if you make them credible. Either celebrities or real people can be effective. But avoid irrelevant celebrities whose fame has no natural connection with your product or your customers. Irrelevant celebrities steal attention from your product.

13. *Problem-solution.* You set up a problem that the consumer recognizes. Then you show how your product can solve that problem. And you prove the solution. This technique has always been above average in sales results, and it still is. But don't use it unless you can do so without cheating. The consumer isn't a moron.

14. *Visual demonstrations.* If they are honest, visual demonstrations are generally effective in the marketplace. It pays to ritualize your promise. It saves time. It drives the promise home. It is memorable.
15. *Slice of life.* These playlets are corny, and most copywriters detest them. But they have sold a lot of merchandise, and are still selling.
16. *Avoid logorrhea.* Make your pictures tell the story. What you show is more important than what you say. Many commercials drown the viewer in a torrent of words. We call that logorrhea (rhymes with diarrhea). We have created some great commercials without words.
17. *On-camera voice.* Commercials using an on-camera voice do significantly better than commercials using voiceover.
18. *Musical backgrounds.* Most commercials use musical backgrounds. However, on average, musical backgrounds reduce viewer recall of a commercial. Very few creative people accept this. But we never heard of an agency using musical background under a new business presentation.
19. *Stand-ups.* The stand-up pitch can be effective, if it is delivered with straightforward honesty.
20. *Burr of singularity.* The average consumer now sees 20,000 commercials a year. Most of them slide off their memory like water off a duck's back. Give your commercials a flourish of singularity, a burr that will stick in the consumer's mind. One such burr is the mnemonic device or relevant symbol stand-up pitch, like the crowns in our commercials for Imperial Margarine.
21. *Animation and cartoons.* Less than 5% of television commercials use cartoons or animation. They are less persuasive than live commercials. The consumer cannot identify with the character in the cartoon. And cartoons do not invite belief. However, Carson/Roberts, our partners in Los Angeles, tell us that animation can be helpful when you are talking to children. They should know—they created more than six hundred commercials for children.
22. *Salvage commercials.* Many commercials which test poorly can be salvaged. The faults revealed by the test can be corrected. We have doubled the effectiveness of a commercial simply by re-editing it.
23. *Factual vs. emotional.* Factual commercials tend to be more effective than emotional commercials. However, Ogilvy & Mather has made some emotional commercials which have been successful. Among these are our campaigns for Maxwell House Coffee and Hershey's Milk Chocolate.
24. *Grabbers.* We have found that commercials with an exciting opening hold their audience at a higher level than commercials which begin quietly.

What works best in print?

25. *Headlines.* On average, five times as many people read the headline as read the body copy. It follows that if you don't sell the product in your headline, you wasted 80% of your money. That is why

most Ogilvy & Mather headlines include the brand name and the promise.

26. *Benefit in headlines.* Headlines that promise a benefit sell more than those that don't.

27. *News in headlines.* Time after time, we have found that it pays to inject genuine news into headlines. The consumer is always on the lookout for new products, improvements in an old product, or new ways to use an old product. Economists approve of this. They call it "informative" advertising. So do consumers.

28. *Simple headlines.* Your headline should telegraph what you want to say in simple language. Readers do not stop to decipher the meaning of obscure headlines.

29. *How many words in a headline?* In headline tests conducted with the cooperation of a big department store, it was found that headlines of 10 words or longer sold more goods than short headlines. In terms of recall, headlines between eight and 10 words are most effective. In mail order advertising, headlines between six and 12 words get the most coupon returns. On average, long headlines sell more merchandise than short ones—headlines like our "At 60 miles an hour, the loudest noise in this new Rolls-Royce comes from the electric clock."

30. *Localize headlines.* In local advertising, it pays to include the name of the city in your headline.

31. *Select your prospects.* When you advertise a product that is consumed only by a special group, it pays to "flag" that group in your headline—e.g., *Mothers, Bed Wetters, Going To Europe?*

32. *Yes, people read long copy.* Readership falls off rapidly up to 50 words, but drops very little between 50 and five hundred words. Ogilvy & Mather has used long copy—with notable success—for Mercedes-Benz, Cessna Citation, Merrill Lynch, and Shell gasoline.

"The more you tell, the more you sell."

33. *Story appeal in a picture.* Ogilvy & Mather has gotten notable results with photographs that suggest a story. The reader glances at the photograph and asks himself, "What goes on here?" Then he reads the copy to find out. Adman Harold Rudolph called this magic element "story appeal." The more of it you inject into your photograph, the more people look at your advertisement. It is easier said than done.

34. *Before and after.* Before and after advertisements are somewhat above average in attention value. Any form of "visualized contrast" seems to work well.

35. *Photographs vs. artwork.* Ogilvy & Mather has found that photographs work better than drawings—almost invariably. They attract more readers, generate more appetite, appeal, are more believable, are better remembered, pull more coupons, and sell more merchandise.

36. *Captions.* On average, twice as many people read the captions under photographs as read the body copy. It follows that you should never use a photograph without putting a caption under it, and each caption should be a miniature advertisement for the product—complete with brand name and promise.

37. Editorial layouts. Ogilvy & Mather has had more success with editorial layouts than with "ad" layouts. Editorial layouts get higher readership than conventional advertisements.

38. Repeat your winners. Scores of great advertisements have been discarded before they have begun to pay off. Readership can actually increase with up to five repetitions.

—David Ogilvy

CHAPTER II

ADVANCED SALES & MARKETING PRINCIPLES



THE CASE FOR SCIENTIFIC ADVERTISING

We see countless ads running year after year which we know to be unprofitable. Men spending five dollars to do what one dollar might do. Men getting back 30% of their cost when they might get 150%. And the facts could be easily proved.

We see wasted space, frivolity, clever conceits, entertainment. Costly pages filled with palaver which, if employed by a salesman, would reflect on his sanity. But those ads are always unkeyed. [Editor's Note: Without a key code, there is no way to track sales made as a result of a particular ad.] The money is spent blindly, merely to satisfy some advertising whim.

Not new advertisers only. Many an old advertiser has little or no idea of his advertising results. The business is growing through many efforts combined, and advertising is given its share of the credit.

An advertiser of many years standing, spending as high as \$700,000 per year [about \$10 million today], told me he did not know whether his advertising was worth anything or not. Sometimes he thought that his business would be just as large without it.

I replied, "I do know. Your advertising is utterly unprofitable, and I could prove it to you next week. End an ad with an offer to pay five dollars to anyone who writes you that he read the ad through. The scarcity of replies will amaze you."

Millions of dollars being spent without knowledge of results. Such a policy applied to all factors in a business would bring ruin in short order....

Advertising is *prima facie* evidence that the man who pays believes that advertising is good. It has brought great results to others, it must be good for him. So he takes it like some secret tonic which others have endorsed. If the business thrives, the tonic gets credit. Otherwise, the failure is due to fate.

That seems almost unbelievable. Even a storekeeper who inserts a \$20 ad knows whether it pays or not. Every line of a big store's ad is charged to the proper department. And every inch used must the next day justify its cost.

Yet most national advertising is done without justification. It is merely presumed to pay.

Such methods, still so prevalent, are not very far from their end. The advertising men who practice them see the writing on the wall. The time is fast coming when men who spend money are going to know what they get. Good business and efficiency will be applied to advertising. Men and methods will be measured by the known returns, and only competent men can survive.

Only one hour ago an old advertising man said to me, "The day for our type is done. Bunk has lost its power. Sophistry is being displaced by actuality. And I tremble at the trend."

So do hundreds tremble. Enormous advertising is being done along scientific lines. Its success is common knowledge. Advertisers along other lines will not much longer be content.

We who can meet the test welcome these changed conditions. Advertisers will multiply when they see that advertising can be safe and sure. Small expenditures made on a guess will grow to big ones on a certainty. Our line of business will be finer, cleaner, when the gamble is removed. And we shall be prouder of it when we are judged on merit.

—*Claude C. Hopkins*

YOUR 19-LESSON CRASH COURSE IN MARKETING

Take an hour, right now, to study this crash course in marketing. Then study it again once a month for the next year. Each time you read through it, you will be surprised to discover that you have learned something new and useful that you can put to use to create more sales for your business.

Lesson 1: Your customers don't care about you or your business. They care about themselves.

Do your marketing messages take this fundamental fact into account? Do they talk to your customers about their problems and desires, or do they talk about your company and your products?

Are your customer service people trained to be sensitive to your customers' needs? Do they listen to what your customers are telling them? Do they see themselves as problem solvers, or just as data input clerks?

Do all of your employees buy into this outwardly focused orientation? Do they understand that the reason the company exists is to serve your customers?

Lesson 2: A small portion of your customer base gives you the lion's share of your profits.

- Have you identified the big spenders in your customer base?
- Do you communicate with them separately from your other customers?
- Do you communicate with them more frequently?
- Do you thank them for their business?
- Do they know how much you value their patronage?
- Have you given them an opportunity to up their status to VIP subscriber?
- When you go after new customers, are you targeting these big spenders?

Lesson 3: Know why people buy from you.

Jeffrey J. Fox, the author of *How to Become CEO*, says that people buy for only two reasons: to feel good (about themselves) or to solve a problem. Ask yourself the following:

1. If you sell a feel-good product, does your advertising makes prospective buyers believe they will feel better after they buy it?
2. If you sell a problem-solving product, do you express the value of the solution in terms of dollars?

Lesson 4: The most effective way to generate leads is with direct marketing.

If your business doesn't use direct marketing to generate leads, you are missing a great opportunity.

Lesson 5: Take advantage of multichannel marketing.

There is no reason not to try many different marketing media.

Lesson 6: Treat your customers the way you want to be treated.

If you don't respect your customers, you will never be able to build a large, self-sustaining business.

Lesson 7: Take customer complaints and objections seriously.

Paying attention to customer complaints and objections will help you produce better products and stronger marketing copy.

Lesson 8: Maintain a "no dead end" policy.

There should be no limit to the number of things you can sell. Every sale should lead to another opportunity to solve a customer's problem or satisfy a desire.

Lesson 9: Take advantage of subscriber inertia.

By getting subscribers to sign up for automatic renewals, you can easily double your profits and keep them at that higher level. Almost every Agora business can benefit from some sort of "bill-till-forbid" sales program.

Lesson 10: Apply Pareto's 80/20 Law to your marketing strategy.

Since 20% of your customers will be responsible for 80% of your profits, make sure they are treated like the VIPs they are.

Lesson 11: The importance of the unique selling proposition (USP)

The Big Idea for an advertising campaign comes from the product's USP. If the USP is strong, the Big Idea will be strong too. The Big Promise comes from the Big Idea. If the Big Idea is the right kind of Big Idea, it will have a Big Promise contained within it. If the Big Promise is big enough, you won't have any trouble coming up with dozens of claims that will excite your prospects and persuade them to buy.

Lesson 12: Branding

Just as every product needs a USP, every product line needs an identity. Translate the difference between your product line and the competition's into a benefit. Market that benefit as a brand.

Lesson 13: Never lose your marketing edge.

Don't ever lose sight of the effectiveness of individual marketing campaigns. As your business gets bigger, you will notice many marketing efforts go on simply because they have been going on for many years. Whether they are still profitable is a question nobody asks. Be sure that you are aware of the efficacy of all of your major marketing campaigns. Eliminate the weak ones and promote the strong ones.

Lesson 14: The Core Complex

To create a breakthrough marketing campaign, you need to be in touch with your prospect's core worries and desires. What appears to be a desire for luxury on the outside may be a fear of embarrassment on the inside. Understanding the subtleties of how your prospects think and feel will make you a much stronger marketer.

Lesson 15: Reciprocity

Giving a customer something valuable for free is the best way to start a long-term, profitable relationship. By giving before you get, you let them know that it is safe to do business with you. And once you have given, you can expect to get something in return.

Lesson 16: Optimize the "lifetime value" of every customer.

Familiarity is the soil in which sales grow. Intimacy makes easy sales even easier. So constantly speak to your customers about what they are interested in. Make your company "transparent." Let them know about products you are developing and about which of your products are popular and which are not. Always be honest with them in your communications. They will appreciate it if you do, and know it if you don't.

Lesson 17: Sell confidently and enthusiastically.

Never be afraid to make a strong sales pitch. Great home-run hitters seldom get a hit more than once out of every three times at bat. And they never, ever get a hit when they don't swing.

Lesson 18: Don't push or bribe your prospects.

Cold-calling and other forms of hardcore selling are fundamentally weak. If you rely on hardcore selling, you will be doomed to all the troubles that accompany such bullying tactics for as long as you are in business. But by developing a benefit-oriented marketing strategy, you will eliminate 80% of the hassles of selling and assure yourself of a steadily growing and more profitable business.

Lesson 19: Develop a culture that emphasizes the value you provide to your customers.

Providing value to your customers should be at the heart of every product you develop and every sales message you deliver.

—Mark Morgan Ford

THE IKEA EFFECT

You're in the middle of an apartment move, staring at your scratched and rickety old IKEA bookcase from your college years. It will almost certainly fall apart during the move. But somehow, it's still hard to throw away.

You're experiencing the IKEA effect.

If you've ever put together a piece of IKEA furniture, you know what I mean. Despite being made of cheap materials and, more often than not, put together poorly... which is no one's fault but your own... you can't seem to let go of it.

Why? According to three business professors who researched the IKEA effect—Duke University's Dan Ariely and two from Yale—it's because you tend to have an emotional connection to something you've put together with your own two hands, something you've created. As a result, you put a disproportionately high value on it.

In marketing, the IKEA effect refers to an idea you may already be familiar with: the engagement device. Engagement devices include surveys and quizzes. They don't necessarily drive toward a sale, but they make customers feel more involved with the business or product... and, thus, value it more highly.

At Agora, we have successfully taken advantage of the IKEA effect to attract new subscribers and launch new products.

The Bonner & Partners free eletter, *Diary of a Rogue Economist*, for example, added 40,000 subscribers... about half the total file size at the time... from a single successful polling campaign.

And Agora Financial launched *MicroCap Millionaires* with a marketing campaign built on input from their current subscribers.

They started by inviting subscribers to participate in a short survey:

I'm conducting a little experiment and need your help, please. Whether you're still working, or already retired, I'd like to know your dream retirement number. Is it \$500,000? \$1 Million? Or maybe \$10 Million? How much would it take to live your dream retirement?

Then, the next day, they sent this, a message that made the reader feel not only that AF was interested in their specific problem but also that they would play a role in the way AF would be shaping the solution:

Yesterday I asked you to share your dream retirement number... For those of you that have shared your

target, thank you... Your numbers shocked me... according to a recent study by the National Institute of Retirement Security, the average "near-retirement" family has just \$12,000 saved. That's nowhere even close to your dream retirement goals... The difference between what you need, and what most Americans have saved, got me thinking... What if somehow we could quickly help you get to your dream retirement number?

"We got a lot of responses to that question," said Doug Hill. "It got people thinking about what they needed to do to retire when they wanted. Then, with that momentum, we launched *MicroCap Millionaires* with a promo of how to retire in just 30 days using microcap stocks. It has been our most successful back end this year."

At launch, the campaign grossed about \$4 million, and much more subsequently. The same idea has since been adapted in France, India, China, and Argentina... for equally spectacular launches.

—Rocky Vega

Cheat Sheet for the Ideal Advertising Campaign

- Make a list of every feature of your product that you can think of.
- Brainstorming with two or three creative types, make a separate list of every possible benefit those features can provide.
- Identify a rising trend in your market—a trend that is just beginning.
- Ask yourself: "Which of my product benefits could tie into that trend?"
- Identify those benefits as potential USPs.
- Determine which of those potential USPs are the strongest.
- For each of those strong USPs, create a Big Idea.
- For each of those Big Ideas, create one or several headlines that express a Big Promise.
- Based on that Big Promise, make a list of every claim that you can make for your product.
- Make sure that you have proof for every one of those claims.
- Get at least two versions of the advertisement written—each version expressing a different copy approach—and test them.
- Take the version that works best and roll it out, making it the basis of your next advertising campaign.

—Mark Morgan Ford

— *Snapshot in Time* —

Friday, September 12, 2008

One Health Publisher's Secret SEO Formula

One of our competitors has put together a very successful website with an email list of well over one million readers. Apparently, he has done it in a methodical way.

Here's the gist...

He developed a strategy of scouring the Web to find about 1,500 health-related articles that would be a good fit for his franchise. (About 20% of them were really just pure entertainment.) Working with his group, about 100-150 of these were rewritten, by staff members, and put onto his website.

He placed the five most popular articles on the front page of his site—and, at the same time, packaged them into an eletter to send to his list (with the single most-viewed headline as the subject line, of course). He, himself, added long comments to each article.

He's driven a lot of great traffic this way.

I'm not sure where he puts the 100-150 articles... but you could figure it out.

—Jenny Thompson

HOW TO STIMULATE THE BUYING FRENZY

If you want to have a super-profitable customer base, you have to locate prospects who are capable of spending big and then stimulate their core desires in such a way that they will equate buying your products with satisfying those desires.

Is your ideal customer a middle-aged man who wants to be attractive to younger women? Then create an ad campaign that will make your car (or watch or cologne or cigarette) feel like an aphrodisiac.

If you are selling expensive locksets, you have to figure out what your ideal customer feels, thinks, and wants with respect to locks. Is security on the top of his list? Does he worry about someone breaking into his house and stealing his things? If so, your advertising campaign should focus on that. Is he more concerned about prestige—about feeling like he has the nicest house in the neighborhood? If that's the feeling/thought/desire that is closest to his heart, your advertising campaign should appeal to the way your locksets look.

In making such promises in your advertising, it is usually better to make them subtly rather than overtly. If you come right out and say that your product will make your prospect smarter or sexier than his neighbors, he will see your ad as pandering and derogatory and thus resist it. If your promises are strong, the ad might still work. But if you can make those promises indirectly, they will generally be stronger.

And if you do it right, you can tap into—or even trigger—what I call a “buying frenzy.”

Buying frenzies vary, depending on the buyer's socioeconomic bracket, his cultural belief system, his financial circumstances, and the advertising he is exposed to.

Low-end buyers, for example, usually have short buying frenzies with very short intervals between purchases. The frenzy begins when they get some cash in their pocket (on payday) and ends when they have depleted all their available cash. If your business depends on selling to people like this, you will have to find out when they get paid and time your advertising to hit then or very soon thereafter... and follow up often in the following few days.

High-end buyers tend to have long buying frenzies with moderate intervals between purchases. If you are in the business of selling bonds or financial advice, for example, you should know that your prospects' buying frenzies will begin when they are near or at retirement age, and will continue for 10 or 20 years at monthly or semimonthly intervals. If you are not there to sell them something, someone else will.

—Mark Morgan Ford

GROW YOUR LISTS WITH PETITIONS

In France, a small nonprofit called the Institute for Justice organized a videotext petition that brought in two million signatures. Two million signatures!

Behind the petition was a heart-wrenching story:

A gang brutally murdered a young man without cause. He was in the wrong place at the wrong time. The murderers were arrested. Justice, it seemed, was done. But then, unexpectedly, the French justice system set them all free.

Worse still, the victim's father, a police officer, was threatened with prosecution because of a provision in the same flawed law that had made it possible for the murderers to... well, get away with murder.

The petition demanded changes to the legal system that could prevent this type of atrocity from ever happening again.

In the videotext, the father spoke directly to his viewers, asking them to sign the petition. (Viewers heard his actual voice.) He explained that he was not interested in revenge. "I can't bring my son back to life," he said. "I know that. But maybe I can help keep your child alive."

Hearing the details of the story, hearing the father speak, made it nearly impossible for viewers not to act. It gave them a strong desire to make a difference—and provided an easy way for them to do it: All they had to do was sign the petition.

Initially, the cause received very little support. But then the videotext went viral. It circulated rapidly on the Internet, through word-of-mouth, message boards, and social networks. It amassed over 1.5 million Facebook "Likes."

As I said, the petition brought in two million signatures... and not a single cent was spent on advertising or distributing it.

But it gets even more interesting. Nine out of 10 people who signed the petition also subscribed to the Institute for Justice's free eletter. And about 50,000 of them responded to the eletter's fundraising appeals—making it the most effective Web-based nonprofit fundraising effort in the history of France.

This raises a question: Can we use petitions to grow our businesses... to reach and motivate our prospects and subscribers? A number of our international and U.S. affiliates have already tried petitions, with mixed results.

Let's look at what we know about the Institute for Justice petition... and why it was so successful...

For openers, it made everyone who viewed the videotext feel like they could:

- make a difference by becoming a small, but essential, part of something big
- make the world a better place for their families and friends
- perhaps even feel heroic

All they had to do was sign the petition. They could also choose to send it to other people. And that had a profound impact.

We can also see that it does many of the things that a good sales letter does.

1. It presents a specific problem with vivid imagery and details.
2. It describes an easy and straightforward solution to the problem.
3. It guides the prospect to the desired solution.
4. It gives the prospect a clear call to action.

But it does some things that a sales letter doesn't usually do—here are a few ideas to consider before attempting to use the petition approach.

- With a petition, you confront an issue that is more than a matter of opinion. You find an emotional issue, something worrying, troubling, and even disturbing. Your prospect has to see how this issue could dramatically impact someone he knows and cares deeply about. The petition should harness his anger and frustration. He must be moved to act.
- The petition should be employed to fight a defensive battle—to, for example, gather support to block new legislation or to stop the government from stripping you of rights you already have. It's much more difficult and complex to petition lawmakers to craft some new law tailored to the need for greater freedoms (offensive). The defensive petition is specific and actionable, while the offensive petition may seem too ambitious.
- Videotext petitions seem to work best. And tests indicate that a clunky video works better than a polished one. It should look filmed on the spot, with a passionate champion of your cause speaking with little or no preparation.
- Passion seems to be a critical ingredient in the "viral" petition formula. It's important to keep testing different approaches to figure out what hot button issues will make your petition go viral.
- Do not try to "cash in" on your prospect's emotions. However, you should tap into enough emotion to catalyze him into taking action.
- The petition should describe the genuine effort you will make to fix the problem you identify. You must show that you are seeking more than a vote of confidence.
- Your prospect should see how he will be making a difference... and, at the same time, transform his life in one specific way for the better.
- The petition should help your prospect experience the feeling of working with others toward a goal he could never achieve alone.

With petitions, you can drag impactful ideas from the fat tail of the bell curve into the mainstream. You can take an idea ignored by mass media and give it the spotlight it needs to become a blockbuster. It is the same premise that has given rise to some of our strongest marketing campaigns.

We should keep exploring how to make it work.

—Rocky Vega

— Snapshot in Time —

Friday, May 9, 2008

So Simple My Mother Could Understand

After the worst quarterly sales results ever, we are on our way to our best month ever.

What explains the turnaround...?

A new, \$1,000 back-end product, *The FDA Trader*. With sales of over \$4.2 million in about a month, this product launch beat out last year's *Dividend Grabber* launch by a bit.

In both cases, I took a very simple idea that most experienced investors would regard as simply common sense and made it into something almost bigger than life.

Just to refresh you about the two basic ideas... *Dividend Grabber* was about the fact that most stocks are valued based on earnings, not balance sheets. As a result, companies that pay out large amounts of cash in the form of special dividends almost always recover their former market cap, irrespective of the amount of cash they've paid out.

Thus, our stock selection was based solely on finding companies that had announced that they would soon pay out a large cash dividend. Using this strategy wisely, investors can typically earn very safe annual returns of around 15%-20%.

With *FDA Trader*, I'd noticed that the biotech stocks behaved irrationally. (They tank after they receive an FDA "approvable" letter.) And I'd heard, from experienced traders, that buying biotechs on bad news is nearly always a profitable trade.

You'd think getting a letter from the FDA that a new drug was "approvable" would be good news. But, in fact, the stocks of biotech companies that get this letter almost always fall by 50% or more. And then, inevitably, almost all of them regain their former market cap as they continue to wind their way through the approvable process.

Using simple screens—like enough cash, more than one product, etc.—it was possible to design and accurately backtest a system based on buying stocks that received "approvable" letters resulted in average annual gains of around 60% per year.

What I think is compelling to our subscribers about these back-end products is that their basic investment strategy is so simple.

My mother could understand it.

It's **much, much** easier to understand than lots of other back-end services, which feature surprisingly sophisticated strategies like complex trend following, insider buying, or even mergers and spinoffs.

Dividend Grabber and *FDA Trader* are based on a single, simple idea that's intuitive and that corresponds with most subscribers' prejudices. And that's why I think the sales have gone so well.

One more thing... These simple strategies are totally the opposite of the kind of big idea packages we typically use to sell front-end letters. But in one way, they're exactly the same. It's kinda like religion: Once you believe in the big idea, the rest of the actions all make sense.

And with these back-end products, once you believe in the strategy (buying approval letter stocks, buying special dividend paying stocks), the actions that follow (speculating in risky stocks) all make more sense. Anyway... what occurs to me... is that our subscribers are much like people seeking religion. They need something to believe in, something that's simple enough for them to understand but that can explain powerful forces, like the economy or the movements of billion-dollar stocks.

I think that's a key observation about our business. What it leads to is spending more time dreaming up simple strategies that our readers can really believe in.

I'd bet that this works on the front end of our business too. If we spent more time figuring out how to simplify everything we publish... how to boil it down into single indicators that always work... we'd probably sell a lot more newsletters and trading services.

This isn't just "thin-slicing." But publishers who don't understand the importance of the subscriber's belief system will think it is... What I'm suggesting is finding strategies or systems that revolve around one thing that's very easy to understand but that explains a lot of complex actions that follow.

And I think that's a bit different than just crafting a typical systems package.

Ironically, the hard thing about this seems to be finding editors who will actually stick with the system. For both *Dividend Grabber* and *FDA Trader*, the editors we hired to fulfill them immediately wanted to write about something else and began "freelancing" with their recommendations.

—Porter Stansberry

THE "SHOES MAKE ME BEAUTIFUL" BUYING FRENZY LOGIC

A marketing campaign that stimulates long-held and deeply held desires (such as the desire for acceptance, recognition, admiration, and even love) will create the best kind of buyer—customers who will buy repeatedly over a long period of time.

It may seem unrealistic or even absurd to think that the product you market could achieve this sort of lofty psychological objective, but it isn't. Great advertising campaigns do just that.

To develop these sorts of campaigns, you have to understand the logic behind discretionary purchases.

Let's take something as simple as selling shoes to women. What do women think about shoes? Do they think that shoes are useful things to cover their feet?

If that were the case, their thinking about shoes would be something like this:

- First thought: Shoes are useful for protecting my feet.
- Second thought: I have a perfectly good pair of shoes. Therefore, I don't need to buy another pair until this pair wears out.

This is not, obviously, the way most women think. When it comes to shoes, their thought process is closer to this:

- First thought: Gucci shoes are beautiful.
- Second thought: Wearing Gucci shoes will help me look beautiful.
- Third thought: When I look beautiful, I feel good.
- Fourth thought: Every time I want to feel good, I should buy a pair of Gucci shoes.
- Fifth thought: Or two.

If you understand this logic, you will never go too far astray in your marketing, because you will always have a fundamental sense of what your customer wants to believe. Whether the challenge is writing the copy or figuring out which media to advertise in, decisions will always be easier if you are aware of the psychological trigger points that drive the purchase.

Here is something very important to understand about this type of buying: Once a customer has decided that buying a certain type of product will give him the psychological feeling he is looking for, the purchase itself will stimulate the desire to purchase again. The more he buys, therefore, the more willing he will be to buy again.

Most inexperienced marketers have a hard time grasping this. They figure that the more a customer buys now,

the less he'll want to buy later. This fundamental mistake, which is based on confusing needs and wants, is the main reason so many businesses start off well and then gradually deteriorate.

To satisfy a customer who has made a discretionary purchase, you must recognize that in buying one thing from you, he is stimulated and willing to buy another. If you don't meet that need, some other business will. And if that other business is better at keeping this customer than you are, you will lose him.

It's all about the buying frenzy—that fascinating, nearly universal pattern of buying that takes place whenever a consumer equates psychological gratification with any sort of discretionary product.

In the 2005 documentary *Just for Kicks*, filmmakers Thibaut de Longeville and Lisa Leone investigated a subculture that is a prime example of the buying frenzy: sneaker collectors.

The film profiles individuals, from famous and wealthy to barely scraping by, who have hundreds, even thousands, of sneakers in their collections.

Why do they have so many sneakers, many of which they never wear so as to preserve their just-out-of-the-box condition?

The collectors can barely contain themselves when describing the rush they feel when they buy every color combination (known as "colorway") of a new Nike or Adidas shoe, or find a store that carries old stock of a favorite shoe from their childhood. They buy every single one they can get their hands on, even those not in their size.

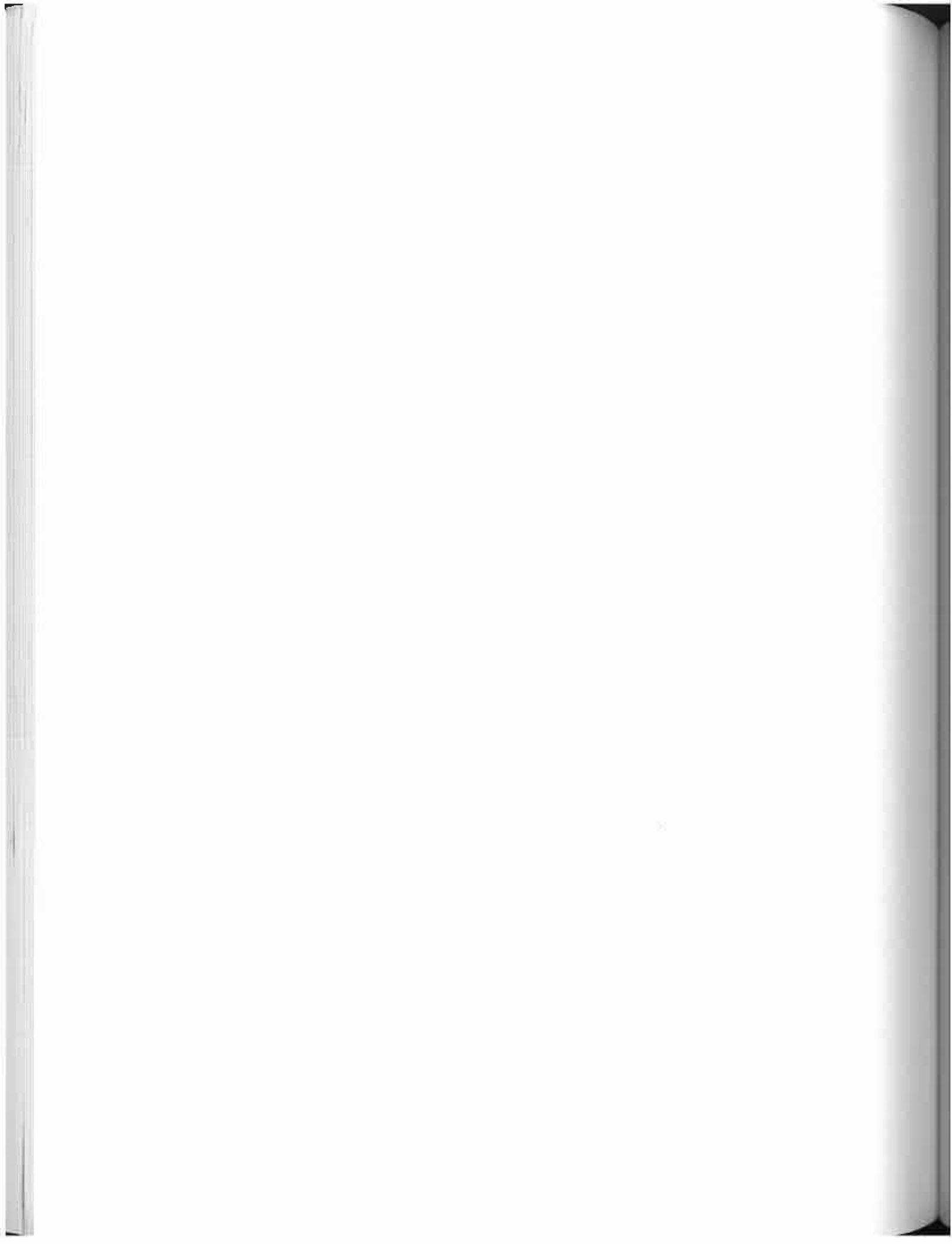
In the most telling scene of the film, collectors camped for days outside a store that was set to sell a limited edition of Air Force Ones, a Nike that is the Holy Grail of sneakers. Those lucky enough to get a pair (they were heart-wrenchingly limited to one pair per customer) had to brave armed thugs circling the block, waiting to pounce on them and either keep the sought-after sneakers for themselves or sell them to unscrupulous collectors.

—Mark Morgan Ford

... 1911 ... 1912 ... 1913 ... 1914 ... 1915 ... 1916 ... 1917 ... 1918 ... 1919 ... 1920 ... 1921 ... 1922 ... 1923 ... 1924 ... 1925 ... 1926 ... 1927 ... 1928 ... 1929 ... 1930 ... 1931 ... 1932 ... 1933 ... 1934 ... 1935 ... 1936 ... 1937 ... 1938 ... 1939 ... 1940 ... 1941 ... 1942 ... 1943 ... 1944 ... 1945 ... 1946 ... 1947 ... 1948 ... 1949 ... 1950 ... 1951 ... 1952 ... 1953 ... 1954 ... 1955 ... 1956 ... 1957 ... 1958 ... 1959 ... 1960 ... 1961 ... 1962 ... 1963 ... 1964 ... 1965 ... 1966 ... 1967 ... 1968 ... 1969 ... 1970 ... 1971 ... 1972 ... 1973 ... 1974 ... 1975 ... 1976 ... 1977 ... 1978 ... 1979 ... 1980 ... 1981 ... 1982 ... 1983 ... 1984 ... 1985 ... 1986 ... 1987 ... 1988 ... 1989 ... 1990 ... 1991 ... 1992 ... 1993 ... 1994 ... 1995 ... 1996 ... 1997 ... 1998 ... 1999 ... 2000 ... 2001 ... 2002 ... 2003 ... 2004 ... 2005 ... 2006 ... 2007 ... 2008 ... 2009 ... 2010 ... 2011 ... 2012 ... 2013 ... 2014 ... 2015 ... 2016 ... 2017 ... 2018 ... 2019 ... 2020 ... 2021 ... 2022 ... 2023 ... 2024 ... 2025 ... 2026 ... 2027 ... 2028 ... 2029 ... 2030 ... 2031 ... 2032 ... 2033 ... 2034 ... 2035 ... 2036 ... 2037 ... 2038 ... 2039 ... 2040 ... 2041 ... 2042 ... 2043 ... 2044 ... 2045 ... 2046 ... 2047 ... 2048 ... 2049 ... 2050 ... 2051 ... 2052 ... 2053 ... 2054 ... 2055 ... 2056 ... 2057 ... 2058 ... 2059 ... 2060 ... 2061 ... 2062 ... 2063 ... 2064 ... 2065 ... 2066 ... 2067 ... 2068 ... 2069 ... 2070 ... 2071 ... 2072 ... 2073 ... 2074 ... 2075 ... 2076 ... 2077 ... 2078 ... 2079 ... 2080 ... 2081 ... 2082 ... 2083 ... 2084 ... 2085 ... 2086 ... 2087 ... 2088 ... 2089 ... 2090 ... 2091 ... 2092 ... 2093 ... 2094 ... 2095 ... 2096 ... 2097 ... 2098 ... 2099 ... 2100 ...

CHAPTER III

THE POWER OF MULTICHANNEL MARKETING



— *Snapshot in Time* —

Friday, August 8, 2008

Each Medium Has Its Own Rules

To explain to our new employees how our business works, we say that Agora is an idea company, not a media company. We tell them that we sell ideas, not newsletters... or special reports... or websites... or books... or loose-leaf services. What matters most are the ideas. We'll deliver them any way the customer wants.

If we had been a newsletter company, we probably would have gone out of business when the Internet came along. The Internet made almost all paper-only newsletters obsolete—at least in the financial area.

Typically, each publication has at least one big idea. Often, they have many ideas... or themes. Each idea could be the basis for a sales letter or a special report. Each one is an opportunity to convince readers that our “big picture” view is correct.

If an editor does an investment service on commodities, for example, he may believe in the theory called “Peak Oil”... or in the idea that control of resources is the key to political power... or that the world is running out of fresh water.

Each idea gives rise to headlines... special reports... and sales packages, for if you can persuade your readers that your worldview—your theory—is correct, then he will be much more likely to want your investment suggestions.

In fact, if you can win the reader over to your point of view (most likely he shares it already)... you have a much more effective selling platform. You already have a bond in common, a shared view of what is important or how the world works. In some financial publications, in fact, if you can get to that point, the actual investment advice becomes almost irrelevant.

But while we are focused primarily on ideas, it is also true that each medium has its own rules... its own secrets... and its own limitations.

That is true of publishing media... and advertising media.

Publishers need to master the ideas... and the media.

If you are going to publish a newsletter, you need to know how they work... financially and practically. What kind of staff do you need to do it? How much can you afford to spend in order to bring in a new customer? What kind of skills do you need to master internally... and which skills can you buy from outside consultants?

And if you are going to advertise by direct mail, you need to know the tools of that trade too—and how to use them. What's an "allowable cost per order?" How do you rent lists? What formats work? And so forth...

The nice thing about ideas is that they can usually be sold across a variety of media. A good idea is of interest to newsletter readers, book readers, magazine readers, etc.

In particular, the Internet as a medium is extremely flexible... and extremely fast. And people—especially investors—want opinions... and immediate gratification.

Whenever there is any news of any significance at all, they are on the edge of panic... seeking assurance, escape, or an opportunity. And each of these emotions is an invitation—to provide our customers with the advice they are looking for... and to sell products.

On Monday, for example, the Fed announced that it was not going to raise interest rates. There was no surprise in this... but the stock market celebrated anyway. The Dow rose more than 330 points.

Investors wanted to buy stocks, and welcomed the Fed's announcement as a justification.

Then, on Wednesday, came the announcement of a big loss by Freddie Mac. And then another big loss by AIG. This time, investors wanted to sell stocks... and again, they looked for justification.

First, make sure your own subscribers get the advice and instant opinions they paid for. But don't stop there...

We need to tailor our special reports to the news. For a bullish publication, for example, we would want to offer a free report on Tuesday: "Fed Holds Rates Steady: 5 Stocks that will benefit most..." For a bearish publication: "Freddie, AIG Losses... More Pain to Come: 5 stocks to dump fast..."

But wait... remember that your editors are minor celebrities. And remember that the rest of the media is looking for instant opinions too. Take the same opinions and recast them as news items. Send them around to other websites and other media: "Gary White Says Financial Stocks Will Fall Further..."

Then what? You'll try to convert the casual reader into a loyal subscriber, either by sending him directly to a sales letter... or to an intermediate "special report."

There are two parts to our sales campaigns. There is theory... and practice. A free report typically tries to convince readers that the theory is correct... that your analysts really know what they are talking about... and that their ideas are right.

If one says oil is going up in price, you will want to offer a free report explaining why... with plenty of proof. But once you've convinced them that the idea is correct, then you can offer specific investment advice—the practical part—at a price.

- Step one: “Free Report—Find out why oil will go up, not down, in the next 6 months.”
- Step two: “Three Oil Stocks to Buy Now... to take advantage of the next big move up for oil.”

What’s the point of this long ramble?

Just **this**: Ideas come first... but you must also understand how the medium works. A magazine is not a movie. A PPC campaign is not the same as direct mail.

But **none** of them will work—for us, anyway—unless you have cutting edge ideas to work with.

—*Bill Bonner*

JOINT VENTURES IN MARKETING

Agora skyrocketed in growth by doing direct marketing on the Internet. That happened in the late 1990s. But when the company was just starting out, it achieved fast growth by combining direct-mail advertising with joint-venture (JV) marketing.

From about 1980 to 1995, Agora grew its investment newsletter business from \$1 million to \$60 million, primarily through joint-venture marketing deals. The proposition was simple.

Agora was good at direct-mail marketing, but its employees had little investment expertise. Rather than attempt to develop financial gurus in-house, Agora found investment writers who had their own newsletters and a small number of subscribers.

Agora's proposal was as follows: They would form a joint venture, with both sides as 50% partners. The partner would continue to own his subscribers and editorial product, and would continue to have all the fulfillment obligations. The partner would hire Agora to act as his newsletter's marketing agent. Agora would take all the risk with the marketing efforts and keep the revenue stream. The partner would get the new subscribers risk free. In turn, the partner had to ensure that the deal worked for Agora, as well.

Who in their right mind wouldn't agree to that?

There are four main reasons to choose the JV path:

To Find Like-Minded Email Lists

A joint venture is the cheapest way to test a list. You do not have to buy ad space on a JV partner's website or rent their list. You offer something of value, like content, and that allows you to grow your own list at the same time.

To Learn About Your Market

JVs help you assess which offers work and which do not. This allows you to gain a new perspective on the marketplace without spending hundreds of thousands of dollars in market research.

When You Have Limited Internal Resources

If you have built a decent-sized list but still don't have the resources to develop your own products, evaluate your competitor's products to see if any of them would make sense for you. In evaluating those products, ask yourself two questions:

1. *Is this product good for our customers?* The product must keep the promises it makes. It must fulfill a “want” and solve a problem. If you believe a product could make you tons of money yet in your gut you know that it is not for your customers, pass on it.
2. *Is this product good for us?* Let’s say two potential partners come to you with similar products and similar offers. If you are sure that both products are of equal quality and that they are both good for your customers, you need to see where your bigger payoff lies.

You may want to ask yourself such questions as:

- Who has the bigger list?
- Who has been in business longer?
- Who has better promotional copy?

Ultimately, your decision should be based on which product makes better financial sense for your business. Then you can test your joint-venture partner’s product to your list, using your own sales copy, without incurring any product research and development costs. (Your partner has already taken care of that.) If the product is successful with your list, you can then develop your own version of it. (Don’t be afraid to take on the best if you believe you can do it better.)

To Build Long-Term Relationships

Doing one-shot deals is a waste of time, even if they make you a lot of money. Long-term relationships will yield much more in the end. Make sure your partners share your core values and missions. Ensure that you are giving more than you are getting. This may seem counterintuitive, but if you have twenty 40/60 deals instead of ten 50/50 deals, you will be much better off in the long run... and many of those partners may wind up working exclusively with you.

—Mark Morgan Ford and MaryEllen Tribby

— *Snapshot in Time* —

Friday, March 20, 2009

How Do You Find Outside Experts?

We're always looking for "experts" to recommend to our subscribers. And they're not easy to find.

Everyone with expertise—from editors to agents to dealers to legal advisors—has their own niche, biases, and unique recommendations. Best to interview several before making a recommendation, and consider recommending more than one.

For many of the outside experts we bring on, we ask legal to run a background check. This is especially true of new exhibitors to our conferences.

We also use the "Three strikes and you're out" rule. If, for example, we get three subscriber complaints about a vendor, they are prohibited from advertising with us again.

We kicked out a long-term coin dealer partner for this reason (poor pricing and poor customer service). As well as members advertising in the Member Exchange. And if the complaint is serious enough, we don't give them three strikes. We kick them out right away. I just ended a relationship with an industry recommended insurance vendor and presenter who was rude to others last year.

These are the qualities you should look for in any new relationship:

- They should have decades of experience (not less than 10 years) in their field.
- They should be consumer advocates for their business, trying to get the subscriber the best deal.
- They should provide personalized customer service... no institutional stuff (especially with us). If they are new to our group and they aren't willing to get on a plane and meet with our advisors or the team here in Baltimore, forget it.
- If we don't know them, they should have references from people with expertise that we have known for a long time.

This last point is important. For our upcoming conference, for example, I am looking to Rick Rule to select the mining companies that will be presenting. Alex Green, Mark Skousen, and Karim Rahemtulla are recommending brokers (and in Alex and Mark's case, an art dealer too) that they have known and personally worked with for decades. I have personally worked with most of our exhibitors for decades. You get the point.

If everything checks out with the experts who will be new to the conference, this may be the beginning of several beautiful friendships... or not. They have to earn my trust and yours.

—*Julia Guth*

AGORA AND DIRECT-RESPONSE MARKETING

Direct-response marketing (DRM) continues to be a growth industry because it offers so many advantages to entrepreneurs: low cost of entry, plenty of niche markets, and the ability to accurately measure the impact of their marketing efforts on sales.

It includes radio, television, magazine and newspaper ads, catalogs, sales letters sent through the mail, and advertising via the Internet.

Through DRM, sales are made by evoking a direct response from the reader, viewer, or listener. Responses range from making a purchase to returning a postcard to making a phone call to providing information on a website. The important part is that there is always a specific “call to action.” And smart companies track and quantify the results.

Online newsletter promotions ask you to “click here.” Magazine promotions ask you to place a “yes” sticker on a postcard to renew your subscription. TV ads ask you to call an 800 number to learn more about the latest vacuum cleaner technology. They often add urgency by saying that if you are among the first 25 or 50 or 100 to respond, you will be rewarded with extra bonuses.

Keep in mind that DRM is not branding. The end goals of DRM and brand marketing are entirely different. DRM wants to get the consumer to provide information or open his wallet. Branding only asks him to remember the product.

Back in 1998, Agora was a 20-year-old business that sold information products—mostly books and newsletters—via DRM. Its revenues were in the \$90 million range. Its product lines included investment, business, and health advice. Its audience was end users—individual investors, entrepreneurs, and people interested in natural health.

Motivated by all the excitement about the Internet at the time, marketing directors at Agora began experimenting with websites and “pull” advertising methods that could be used to drive prospects to those sites.

The success of those early efforts was disappointing. Money was spent and site visitors came. But revenues didn't rise and profits went down.

Never comfortable with the new concept of pull advertising, Bill Bonner initiated an old-fashioned “push” program that was based on the company's expertise: direct-mail marketing. And it worked well.

Prospects who responded to the direct-response advertisements that were posted on Agora's investment

websites were given a free eletter, *The Daily Reckoning*. They read it. They liked it. And they began buying the information products that were advertised on its pages. As soon as this approach started showing increased sales, other Agora divisions quickly followed suit.

Agora now has numerous eletters. Many are daily—delivered seven days a week. They reach millions of people, and that gives us a brand presence.

But at its heart, Agora is not a brand marketer. It is a direct-response marketer. That's how the company has grown.

—Mark Morgan Ford and MaryEllen Tribby

For Clayton Makepeace, It's Not the Medium, It's the Message

Clayton Makepeace is from the old school, a veteran copywriter who has been in direct marketing since the early 1970s.

Unlike many of his contemporaries from back in the day, Makepeace has adapted to changes in technology. From direct mail and print ads, he has moved online with websites, email, search engine optimization (SEO), pay-per-click (PPC) ads, and more. But each of these modern marketing channels is just another medium, says Makepeace, and he has not abandoned his roots.

"The medium doesn't make the sale," he explains, "the message does. And because 100% of the prospects who'll be getting your message are, well, people—and because human nature never changes—the things you must do to persuade people to buy never change."

Essentially, basic direct-mail principles are evergreen and work in every marketing channel, says Makepeace. They have always worked and will in the future. You can measure exactly how your marketing message has been received (by looking at sales) and make changes very quickly if necessary.

And you don't need a multimillion-dollar budget to do it. This is what keeps Makepeace in the business.

"It's the scientific aspect. You can test everything," he says. "You can test small, roll out huge. This almost infinite, almost instant scalability makes it possible to create explosive growth even for the smallest entrepreneurs. I also love the fact that direct-response marketing is proactive. You identify a market niche. You buy the media that can take your sales message to that niche. You test, you count the money, you roll out. You are in control."

That said, copywriting and marketing in the online world is different. "Used to be, all sales copy was pretty much the same," says Makepeace. "You grabbed the prospect with a benefit-oriented headline, presented your benefits and your credibility elements, trivialized your price, and asked for the sale.

"Today, online sales copy is more about gradual bonding and building to an eventual sale. You have to

provide **value to lift** yourself **above** your competition **and to establish credibility with your prospects**. That requires **an** entirely **different** tone. And the copy itself must deliver value—**give the prospect reasons to open your emails and read your eletters or blogs.**”

Not all the changes have been welcomed by Makepeace, especially when they stray from core direct-marketing standards.

“Being able to contact prospects and readers for free through email has created **an** entirely new direct-response business model,” he says. “Relying on **PPC** and **SEO** have required **us** to become somewhat more passive—to wait for folks to find us and to wait again, sometimes for months, before prospects make a first purchase and before we can calculate return on investment on our **PPC** and **SEO** costs. That hasn’t been easy for me. Although **we** have clients who are using paid online advertising—who spend \$300,000 or more every month online—I still prefer more proactive media like **direct mail and print.**”

He points out that the media you use should be determined by the product, market niche, and the prospect. Inexpensive household **gadgets are** tailor-made for 60-second direct TV ads, for example, while smaller niches do better with direct mail and the various Internet channels.

“Marketers today **are** focusing too much on one medium at a time,” says Makepeace. “And too often, their media choices **are** dictated almost **entirely** by the wrong criteria. Your readers **are your** friends. Would you confine all communication with your best friend just to email? No way! You use every form of communication **available to you** to talk with your friends. You send them emails. You text message them. You send them snail mail. **You call them on the phone. Heck, you even talk to them in person!**”

THREE WAYS TO PROFIT FROM THE SOCIAL MEDIA DISCOVERY ENGINE

"It's not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change" —Charles Darwin

Google reigns as "king" of Internet search engines, but Facebook has established itself as ruler of "discovery." Search remains powerful because it's the first tool people use when they are looking for answers or solutions. When we search, Google shows us the Web content likely to meet our needs.

The shortcoming of search is that people often don't know where to begin. Social media helps them stumble upon the starting point of interesting ideas. They make connections with people and businesses they didn't know beforehand. This is why social media is an "engine of discovery."

Facebook curates the Internet's seemingly infinite collection of thoughts. It shows you content it knows you will find interesting because your friends have told you that you will like it.

As marketers, social media—and Facebook is the current leader—offer your prospects another way to discover you and your products.

Despite the importance of discovery, many marketers are skeptical of social media. They are reluctant to add an investment in Social Media Optimization (SMO) to their existing Search Engine Optimization (SEO) strategy.

Their concerns seem to stem from notions that the social media channel is:

- *Too new and unfamiliar.* Yes, it's new—but it's time to familiarize yourself with how it can grow your business.
- *Perhaps frivolous or not serious enough.* Any channel can have a frivolous component... social media is no different. And word-of-mouth recommendations are useful in reaching new readers.
- *A "soap box" for unpredictable people, making it too easy to get negative feedback in an all-too-public setting.* Giving everyone a voice, including critics, is daunting... but the social media audience includes your fans and people who advocate for you, defend you (more effectively than you can defend yourself), and provide you with powerful testimonials.

Marketers had similar concerns when the Internet was new that proved unfounded. But social media is simply another channel to reach the right person... with the right message... at the right time. You diversify the ways in which you find and communicate with that person.

Of course, there are genuine pitfalls, including the danger of...

- Choosing the wrong social media campaigns. For example, Pinterest is one of the fastest growing social platforms, but it's mostly geared to younger females, likely not your target market.
- Spreading attention too thinly. If you have a handful of fans or followers and don't take the time to engage with them, you may lose credibility or support. In that case, you may be better off not having a social media presence at all.
- Leaving obvious holes in your social media portfolio. Some customers, and potential customers, will expect you to have a presence on each of the major platforms. If they can't find you in their preferred venue, they will be disappointed.

So why should you be investing some of your marketing resources into social media? For the same reason you use other channels: to build your lists and develop a relationship with each person on it.

Using Social Media to Diversify Your Lists... and Communication Methods

Social media includes new list universes from Facebook fans... to Twitter followers... to LinkedIn group members... to YouTube subscribers... and beyond. Facebook has a massive audience, 1.32 billion active monthly users. YouTube is the second largest search engine in the world with many SEO benefits. It has over 1 billion unique users each month and reaches more U.S. adults than cable TV.

There are three key methods you can use to leverage social media:

1. On your own Web properties

Multiple plugins can integrate social media interactions on your websites, landing pages, confirmation pages, and other Web properties. These include "social buttons" to help users share your content with their networks.

People on Facebook can comment on your articles... people on Twitter can follow your Twitter feed directly from your own websites... or you can display an automatic live stream of your social posts on your site.

"Social login" allows people to access your website's secure content using their social media accounts. It also allows you to tap into valuable social and demographic data to better understand the people who are interested in the information you're posting.

2. On the social media platforms

You can post popular articles on Facebook to reach your fans... Tweet an update or special offer to your followers... and solicit feedback from targeted group members on LinkedIn. You can include reviews or "apps" on your Facebook page to showcase your editorial and services.

3. Social advertising

Social media is still developing cost effective models for advertisers. They are in the early stages of advertising interfaces to meet the needs of direct marketers, who need response more than branding.

YouTube has productive and low cost ad options. LinkedIn is a good for B2B, but is expensive. Twitter isn't there yet, but is evolving. Facebook leads with a sophisticated ad platform that offers effective targeting, optimization, and measurement.

Using Social Media to Diversify Your Marketing Investment

It's good business to diversify your name acquisition channels. Agora became painfully aware of this when Google suddenly became stricter about its policies and suspended many Agora PPC accounts around the world. We worked with Google and are now able to advertise. However, we learned our lesson. We never want to be without alternative advertising channels.

Facebook, in particular, offers competitive pricing, a huge reach, and good conversions.

Benefits Beyond Direct Name Acquisition

Once you start taking advantage of social media channels, you'll find that:

- You can easily test ideas, copy, and offers. Audience Insights (Facebook's version of Google Analytics) helps you understand your audience makeup.
- You have the ability to listen to the language, jargon, and keywords your fans use. Example: The feedback we received from *International Living* readers on Facebook was that they wanted to move overseas but not necessarily retire. As a result, we launched the *Fund Your Life Overseas* eletter.
- You'll add to your credibility with social proof and "real life" testimonials. When a new visitor (i.e., potential customer) visits your Facebook page or website and sees that you have a large number of fans, you'll already have established some level of authority and trust.

Social media can no longer be considered a fad. People are "social." Even business is social. SMO is a medium to help prospects discover you. It provides multiple new channels to explore. Using social media, you can find more new customers and deepen your existing customer relationships.

—Grant Perry

DIRECT MAIL: AN OLD DOG THAT KNOWS A FEW TRICKS

At its core, direct-mail marketing is a simple business: You acquire a list of names and mailing addresses. You write a sales letter. You mail it. If the money you get back is greater than the cost of mailing and fulfillment, you are happy and you do it again. If you fail to cover your costs, you don't. What's wonderful about direct-response marketing generally, and direct mail in particular, is that it is the one form of advertising where you can "cut your losses and let your winners run."

The Basic Direct Mail Process, Step-by-Step

1. You have a product or service you want to sell. You contact a "list broker" who recommends a handful of mailing lists that he believes will be responsive to your offer. (A typical test might include 10 lists.) The broker's recommendations are based on the mailing history of the lists—that is, whether they have been responsive for similar offerings in the past. You then order a sample amount of each of the recommended lists. 5,000 names is a typical test quantity.
2. You work with a copywriter to write a sales letter. He learns everything he can about your product, studies similar product offerings the broker has access to, and thinks about how to position your product most effectively. He comes up with two distinct ideas. You like them both and ask him to write two letters.
3. You print the quantity of direct-mail packages that you need for the test. In a typical test of 10 lists of 5,000 names each, you would be printing 50,000 direct-mail packages—25,000 of one sales letter and 25,000 of the other. Each of these 20 groups (two sales letters going to 10 lists each) is uniquely coded (i.e., the response devices have unique code numbers printed on them) so you can track how each mailing list responds to the two different sales letters.
4. When the orders come in, you can easily determine which of the two sales letters worked better and which of the 10 lists were most responsive.
5. You then mail the letter that performed better to a significantly larger number of names. The quantity of this second "rollout" mailing is determined by the response to the first mailing. In a typical rollout, the quantity you mail might be two to five times the test quantity—that is, 10,000 to 50,000 names.
6. When sending out this second mailing, you might test another variable (such as the introductory price or the guarantee). Generally speaking, you always want to be testing something when you mail. You use test results to constantly improve the effectiveness of your direct-mail package.
7. When the results of the second mailing come in, you analyze them just as you did the first time: by list and by "split" (i.e., the variable you tested). Based on that analysis, you roll out once again—from two to five times the rollout quantity (20,000 to 250,000 names), depending on how strongly each list "performed." All rollout decisions are based on statistical probabilities. When done properly, the rollout process is only moderately risky.

By following this simple progression, it's quite possible to go from a test mailing of 50,000 pieces in January to a major rollout of a million pieces less than 12 months later. That 20-fold increase in mail volume will normally result in a 20-fold increase in cash flow.

That's the beauty of direct-mail marketing. It is a fast and surprisingly safe way to build up a profitable business. It doesn't require a large capital investment. Most entrepreneurial ventures can be started with an initial marketing budget of less than \$50,000. And because of the predictability of rollouts, a successful direct-mail promotion can grow a business rapidly without significant investment risk.

—Mark Morgan Ford and MaryEllen Tribby

— Snapshot in Time —

Tuesday, April 2, 2013

Boost Your Lead Gen With the Q&A Club Model

The Q&A Club model—developed by Florin Campeanu at Rentrop & Straton (R&S) in Bucharest, Romania—makes it easier for Google to bring organic search traffic to your site. The model has been a huge success in Romania, especially for VNR-style B2B products.

Each “club” is a website where free content is available in a searchable question and answer format. This format helps it rank highly in Google. (R&S sites dominate the first results.) Then, once a searcher arrives at your club site, you offer several benefits to acquiring their email address.

The free content posted on the site is brief and general. A team of editors floods the website with new questions and answers every day. Some of the free content is original, but the lion’s share is re-worked from material they’ve already published.

To get answers to specific questions, users must join the club, which requires them to provide their email address. To get very complete and guaranteed accurate answers, they must upgrade to an R&S paid product. On average, a question posted on the site gets an answer within 24 hours. And once the answer is posted, an email is sent to encourage the “member” who asked it to come back to the club to check it out.

The website captures every search inquiry, as well as the content being read by each member. As a result, R&S winds up with a great deal of data that helps them develop new content and new promotions tailored very specifically to their members’ interests. They can even send dry tests to members who have already “raised their hand” (through site usage) to indicate interest in a particular subject. And they can track live users while they are on the site. (In the evening and on weekends, the sites tend to be crowded. One of R&S’s websites had a record 7,000 people on the site at the same time.)

How to Start Your Own Club

You probably shouldn’t invite visitors over to an empty house. The same goes for club sites. Pre-populating your site with questions and answers is critical to its success. R&S has a general recommendation of 300 questions and answers to launch and an additional 8-10 new Q&As every day.

Initially, you will have to drive the creation of site content. But the club will soon take on a life of its own. For instance, there are 27,000 questions posted on the R&S accounting club site, and only 4,000 were written in-house. The other 23,000 have been user generated.

As R&S has proven, the Q&A Club model, when developed properly, can give a huge boost to the number of valuable prospects that find your franchise.

—Rocky Vega

Common Formats in Direct Mail

When direct marketers use the U.S. Postal Service instead of the Internet to reach their prospects, they design a mailing based on one of the following formats:

- *Tabloid.* Half the size of a regular newspaper (13 × 10 inches), this mail piece would look at home on a newsstand. It has eye-catching headlines, colors, and photos. The offer and ordering instructions are integrated into the copy.
- *Catalog.* Combining descriptions and photos of goods for sale, this mail piece is available in a variety of sizes. It provides easy ordering instructions via telephone, a website, and/or a business reply envelope (BRE).
- *#10 package.* The sales letter is sent in a standard #10 business envelope, typically via first-class mail. A "teaser" is often printed on the outside of the envelope to persuade recipients to open it and read the enclosed letter.
- *Invitation package.* The look and feel of this package (sent in a 6 x 9 envelope) is warm and friendly. It usually includes a prepaid BRE to make it easy for prospects to respond to the offer.
- *Postcard.* Most postcard offers are "soft," meaning they ask for an immediate reply but not upfront payment.

—Mark Morgan Ford and MaryEllen Tribby

— Snapshot in Time —

Friday, April 25, 2008

The Copy That Rules the Internet

First, **copy, copy, copy**—copy is king. We think we know what kind of copy rules in direct mail. But what kind of copy rules the Internet?

Answer: the same copy... edited in a slightly different way.

I've been looking at what copywriters can do to editorial material before it is put on the Internet. Editors write to readers—paid subscribers or regular eletter readers. In both cases, the material is slightly different from copy that would be put up for first-time readers. It is like the difference between a conversation with an old friend and a conversation with someone you just met.

The difference is that the old friend will accept a more leisurely pace. He's willing to wait for you to come to the point because he knows it will be worthwhile. He even expects it. But the new friend is more likely to move on, unless he sees the conversation taking him somewhere he wants to go.

So, the copywriter—or the editor himself—has to edit the copy for the Internet so that it will grab and hold the interest of someone he doesn't know, just as he would in a direct-mail package. And most often, the subject of website posts is news-oriented.

Let's assume the morning's news tells us that there has been a big drop in the price of oil.

For regular readers, an editor might write simply, "Oil Down Again..." and the regular press might carry the same headline, "Oil Down Again."

But we're not in the business of selling news, and we can't compete with the news media. So we have to suggest one of two things, maybe both:

1. That we have a unique **OPINION** on the news story that is worth reading

And/Or...

2. That we can show the reader how to benefit from it

Here are two rather heavy-handed examples of what I mean:

Oil Down Again: Why Hugo Chavez Is to Blame

Or...

Oil Down Again: Why This Small NASDAQ Stock Is About to Soar

Don't forget to signal that we've got more than just the news.

—*Bill Bonner*

10 PRINCIPLES THAT GOVERN DIRECT MARKETING

Direct email is much cheaper than traditional direct-mail marketing. The cost of sending an email is virtually nothing. Compare that to the cost of a first-class stamp, especially when you're mailing thousands of pieces at a time. This low cost of delivery means that you can communicate with your customers almost as much as you want to.

Another difference is that with an email campaign you can often monitor, in detail, customer reaction to your ad. You can, for example, find out if they clicked on a link in the email to read the full promotion. You can also see the results (sales) immediately.

This brings us to another difference: Speed. Email gives you the ability to test your offers, see what's working, and quickly make changes to generate more sales. And if a major news event takes place, you can incorporate it into your sales message that same day.

Despite their differences, direct mail and direct email have many things in common. Most of them have to do with the copy. In no particular order, here they are...

1. Copy is king.

There are three components that determine the success of any direct-mail promotion: the quality of the list you're using, the offer, and the copy. Of these three, the list is the most important, the offer is next, and the copy is third. The right offer with great copy sent to a bad list will produce zero results. Mediocre copy with a mediocre offer sent to a great list can produce good results. That said, selecting qualified lists and framing attractive offers is less difficult than crafting great copy. That is why in direct email, as in direct mail, copy is king.

2. Long copy outperforms short copy.

This one is highly controversial. Many marketers believe the Internet—which makes it necessary for prospects to read copy on a screen—favors short copy. Although short copy can sometimes work very well, hundreds of tests prove the old direct-mail maxim to be true: Other things being equal, longer copy is usually better.

3. With long copy, the lead is 80% of the game.

A typical direct-marketing promotion has three parts: the lead, the body, and the close. The lead is usually less than 20% of the whole, but it has the responsibility of conveying the "big idea" of the sales message and provoking an appropriate emotion in the reader.

4. In crafting a lead, stick with the proven six.

There are dozens of ways to begin a long-form sales letter, but in the history of direct mail, six have dominated. These are: offer/invitation, promise, problem-solution, secret, proclamation, and story. Your chances of success skyrocket if you have the right lead for your particular offer.

5. Effective leads range from very direct to very indirect.

Direct leads are obvious sales pitches. Indirect leads appear to be doing something else. Each approach has its strengths and weaknesses. Smart marketers make use of both, depending on who their prospects are and the kind of solution they are offering.

6. Think of your sales argument as a "four-legged stool."

By making sure your sales argument has all four of its legs in place—idea, benefit, proof, and credibility—you keep it strong and well balanced.

7. The best headlines and bullets have the "four U's."

The "four U's" are uniqueness, usefulness, urgency, and ultra-specificity.

8. Every product needs a Unique Selling Proposition (USP)

The USP makes your product stand out from the competition. It gives your prospects the reason they need to buy from you in particular. Ignore the USP at your peril.

9. Benefits are better than features; deep benefits are even better.

If you tell a prospect that the car you are selling has good tires... that's a feature. But if you describe how, because of those tires, they'll be able to easily maneuver through rush-hour traffic and avoid accidents with dangerous drivers... that's a benefit. Better yet, this indirectly suggests that they'll arrive home to their family quickly and safely... a deeper benefit.

10. "Talk" to one person at a time.

Your sales copy should be written as if you are "talking" to only one person... the person who is reading it. So use a conversational tone—the language you would use if you were talking to that person face-to-face.

—Mark Morgan Ford

— Snapshot in Time —

Friday, July 25, 2008

A Heartwarming Conference Experience

I spent the week in Vancouver—at Addison's annual financial conference. What did I learn? Well, I was reminded of how complex and deep the relationship with our customers can go. In fact, it was a heartwarming experience.

The conference business is an important part of many of our franchises. It can be very profitable, adding significantly to the bottom line. I don't have Addison's numbers, but he had more than 800 people attending the conference... dozens of exhibitors... and many opportunities for bringing in additional back-end revenue. But since I know so little of the financial details, I'll leave them alone and return to the relationships.

Many attendees stopped me, took my hand, and thanked me. At first, it seemed a little odd. I should be thanking them. They were the ones who paid to attend. But such is the conference business that the customers, if they are treated properly, feel grateful.

A few of the comments:

- "Thank you for doing this. It means a lot to us... I was a subscriber to *International Living* for years. And Taipan. And now, I'm with the Oxford Club."
- "I became a Reserve Member [an expensive, back-end collection of products and benefits] because I was so grateful for *The Daily Reckoning*. I thought I should pay you something for it."
- "You won't believe this, but your newsletter changed our lives. We began to see the world in a different way. It kind of opened our eyes."
- "I've been coming to these conferences for the last five years. Next year, I'm bringing my children."

Now, it is true that the unsatisfied attendees might not have bothered to talk to me. But my impression was that there were few disappointed people in the crowd. Instead, most people there were people who had been with us for a few years, tried many of our products, and still wanted more of what we do.

It seemed important to them that they could connect to real people. A guess: They didn't feel competent to judge the merits of an investment approach, but they felt they could judge the person from whom it came. So if you are developing your financial business correctly, your readers are developing an interest in or loyalty to individual advisors. They'll want to meet them in person.

Note: This is very different from a free investment expo, where people who don't know you listen to speakers with ideas and suggestions. Addison's conference was more like a gathering of a tribe... or an

assembly of a cult. Attendees are not exactly looking for ideas. They get plenty of ideas already. This is their opportunity to bond more fully with the speakers and analysts... and with a community of like-minded investors.

So even if you think that "investors won't pay for a conference," you may be surprised to find that they will pay for this kind of conference—if the ground has been properly prepared.

Income sources and benefits: attendance fees, exhibitor booth fees, "direct-from-the-floor" reports with embedded advertising, conference recordings, CDs, etc., remote, online attendance, webinars, videos of editors and analysts, testimonial videos of subscribers, feedback and interaction with subscribers, and content... content... content.

One obvious back end: Arrange for an editor to give an important speech. Offer it free to paid subscribers. Make it an event for them... and for your free email readers. Put it on your website. Distribute it to cooperative sites, RSS feeds, and direct readers back to a landing page.

Taken together, the revenue possibilities are impressive. But there is much more to it. Having a conference makes your whole business more real to your customers. It confirms that you and your writers really do exist... and are not afraid to appear in public.

There is another benefit: Your editors and analysts discover that they are writing for real people. They take their responsibility more seriously... and learn how to better address the concerns and interests of their audience.

—*Bill Bonner*

TELEMARKETING AND EVENTS BOOST BACK-END SALES

In 1984, the Oxford Club was not yet an Agora affiliate. It was a small investment club with big ambitions. Its founders wanted it to become the largest private business of its type.

They intended to provide expert advice on international investing from offices around the world, and they thought a good start would be to sponsor an investment conference offshore. They picked Grand Cayman Island.

They didn't have much money. And they had little experience with event marketing. Regardless, they booked a dozen expert speakers, every room at the Cayman Holiday Inn, and began promoting the conference to their members.

The response was good. They filled half the rooms within a week. Not sure what to do next, they asked some of their speakers—the ones who were newsletter writers and publishers in the investment world—if they would promote the conference to their subscribers. A revenue split was agreed upon, and the writers and publishers sent out their invitations. In another week's time, the conference was overbooked.

"People kept signing up week after week," says Barbara Perriello, the woman who ran the conference. "Eventually, we had 700 people signed up—about twice the number of hotel rooms that existed on Seven Mile Beach at the time. We had to run the conference twice, back to back. It was chaotic but very profitable. And we learned so much from it."

Events such as these helped spur the growth of the Oxford Club. It is now one of the largest and most successful clubs of its kind.

"Our seminars make dollars... and sense," says Julia Guth, executive director of the Club. "And by sense, I mean they provide countless opportunities for us to deepen the relationship with our most active members."

Here's what Julia means by that. The seminars:

- Allow Club experts from around the world to meet members face-to-face and get direct feedback
- Generate valuable new investment ideas and contacts
- Provide countless hours of video and audio content that can be repurposed in many ways
- Provide opportunities for members to give detailed testimonials for Oxford Club products and services

There are many additional reasons for you to consider sponsoring special events...

Information About Your Best Customers

First and foremost is what you can learn about the people who attend the event. Not only the demographic information you get from the registration forms, but the psychographic data you get by analyzing their actions. Which workshops were most heavily attended? Which speeches got the highest ratings? Which presentations provoked the most controversy? Which products, price points, and pitches sold best during the event?

Attendance Fees

When the Oxford Club began promoting conferences in the early 1980s, they were selling offshore banking advice to U.S. investors. Because of the lack of good information on that subject, they were able to charge attendees \$800. Since then, we've learned more about setting attendance fees. In general, the more esoteric the conference topic, the more expensive you should make admission. We have priced conferences from \$240 to \$10,000. As a rule, we like to generate between \$500,000 and \$1 million in attendance fees per conference.

Exhibitor Fees

If you have enough attendees to support it, you can set up an exhibit hall adjacent to your main conference room. There, attendees can look at and purchase products from exhibitors related to the subject of the conference. Exhibitor fees can be a significant source of extra income. To ensure that the exhibition adds to the quality of the conference, be picky about which exhibitors you allow. Also ensure that a good part of their sales process is educational, so your attendees will benefit from the exhibit experience even if they don't buy anything. Finally, make sure the exhibitors make at least enough to pay for their costs by maintaining a healthy attendee/exhibitor ratio of about 10:1.

Sponsorship Fees

You can make some extra income by having exhibitors or outside vendors sponsor such things as meals, break rooms, cocktail parties, and entertainment as part of your event. Some sponsors will be happy to do it simply for the exposure. Others may do it only if you are willing to feature them as a speaker on your program.

Podium Sales

In the information industry, it has become customary to allow some speakers to sell information products as part of their presentations. When done well, by a practiced professional, it can result in significant extra bottom line income for you. As a rough guideline, you should allow platform selling only when it is an integral part of the presentation and when the product being pitched will benefit your attendees. Overall, it is best to keep it to a minimum—no more than one out of four presentations.

Vertical Back-End Sales

Your largest single source of conference income is likely to be your high-priced back-end offers. Conferences attract your best customers and give you the opportunity to sell them your latest and most desirable products, bundled together, at a one-time, highly discounted price. Developing this sort of "bundled" offer requires a good deal of thought and planning. It should include a new and exciting product that they are likely to want to purchase anyway, along with other quality products that they may not have, and then some special, limited-availability services that bind the offer together and give it a VIP feeling. Generally speaking, the bundled VIP offer that you make at your annual conference will be the most expensive package you offer that year.

Ancillary Sales

In addition to all of the above, you should sell an audio or video recording of the event to both attendees (to keep as a reference) and to your customers who were unable to attend. You can set up a little "bookstore" outside the main conference room where you sell your entire product line. And after the conference, you can break down the presentations into individual products and sell them separately to existing customers, and even test them to create new customers.

Generally speaking, the lower the price you charge, the more attendees you will get. But that consideration must be weighed against the considerable cost of producing a conference and the likelihood that cheap or free admission will bring in too many nonresponsive browsers. Fee-based conferences tend to produce better benefits all around—for you, for exhibitors and vendors, and for attendees, as well.

—Mark Morgan Ford and Maryellen Tribby

— Snapshot in Time —

Thursday, July 18, 2002

Space Advertising: Making It Work

One of our goals for last year was to explore avenues of marketing for name acquisition. The use of space ads in particular was an obvious area Agora has not capitalized on in the past.

Space advertising is a viable medium for acquiring new customers, as evidenced by the success experienced by our competitors in this arena.

The following tips should be committed to memory by anybody who is trying to make space ads work.

First, nine tips from the Denny Hatch essay "40 Tips for Successful Off the Page Advertising Campaigns" and the Denny Hatch and Don Jackson book *2,239 Tested Secrets for Direct Marketing Success...*

- Use a space ad, and your offer can be in your prospects' hands quickly—in a couple of days if you run it in a daily newspaper or a couple of weeks if you place it in a weekly.
- Your offer is in everyone's hands at the same time. Be aware that this also can be a disadvantage if you're not set up to handle a rush of orders.
- With space ads, you can reach the same audience for less money than via direct mail. For example, if spending \$400/M to reach subscribers of a certain magazine doesn't pay in terms of the allowable cost per order, you can reach those same folks via a space ad in that magazine for \$20/M to \$30/M—less if you negotiate. Since they all read the magazine, this may be worth a test.
- With space, you can reach wider audiences. Example: If you have a general interest business or consumer product or service, you can reach likely prospects in out-of-the-way places, such as in-flight magazines.
- Print ads are far easier to create than full-dress direct-mail packages.
- Unlike mail, you can negotiate for even lower CPMs. In the immortal words of freelance media consultant Iris Shokoff, "I've never bought an ad at full rate in my life."
- If you have credit, you can run the ad and be billed later, paying for the ad out of revenues. Remember, the U.S. Postal Service demands full postage in advance, or you don't mail.
- Your offer is public knowledge on the day of publication, opening you up to copycat offers from your competition.
- You're severely limited in terms of space. It cannot be a highly complex or difficult-to-explain offer.

And now... 28 tips from Margaret Rose Roberts, one of the world's premier consultants in the world of off-the-page advertising for direct marketers. Her specialty: Taking a direct-mail control package and turning it into a successful space ad.

- Don't skimp on space. Most mail order products need as much selling copy as possible. Avoid the temptation to test a small ad first. It rarely will give meaningful results. Full-page ads command attention.

- To cut costs, use a large ad in a small-circulation magazine rather than a small ad in a large-circulation publication.
- Full-page ads are more cost effective and command better attention in print. But if your product is inexpensive or self-explanatory, you may be able to test with a small display ad or even a classified ad.
- Consider testing high-ticket items (\$200 or more) with a two-step approach, starting with a small display ad to generate inquiries.
- Stick with the best elements of your proven mail offer. Don't change prices or add new elements unless there's a strong reason to do so.
- Make every word count. This is the real challenge of space ad copy. Use the guts of what makes your mail package successful. Make careful, painful cuts to the copy.
- Use long copy rather than big graphics. Use illustrations that draw readers to the ad or don't use them at all. Photos of people tend to work better than photos of products alone.
- Make it easy for customers to respond. Make sure, for example, that the coupon has enough space for them to fill it out.
- Toll-free numbers offer a good opportunity to upsell. Asking for a response via email works well for business offers, particularly overseas.
- Look for "editorial fit"—publications that directly tie in with the nature of your product.
- Look for a small, less-expensive publication in a category of publications that have competition. If the ad is successful, you will have a few ready places to try next.
- Go with publications whose demographics most clearly match your target audience. Advertising media kits supply the basics. In addition, many publications have independent readership surveys. Some also have a research analyst to help explain the data.
- Look for audited, paid-circulation figures. People who pay for a magazine are more likely to read it carefully than those who get it free. Use only the paid-circulation figures to compute your cost per thousand (CPM). Publications will promote readership figures, but these data often are unreliable and exaggerated.
- The price you pay often determines your long-term success or failure with space ads, so be prepared to bargain! Your margin of profitability is largely determined by what you pay for what you get.
- Some publications offer:
 1. A mail order discount (Up to 25% is common.)
 2. A special test rate for new advertisers
 3. Standby ad space (Tests at the publication's convenience can save 50%.)
 4. Last minute "remnant space."
- None of this information will be volunteered by the publication. Ask for everything, and you'll often get some type of a rate break.
- If a publication seems eager to get your business, suggest they run your ad on a per-inquiry or per-order basis. You have no risk. You pay them an agreed percentage of your sales or number of dollars per inquiry.
- Bargain for position. In magazines, a right-hand page in the front usually will be better read than a left-hand page or a page in the back. Some publications charge a "position premium," but you can often bargain these premiums away if they really want your business. Having your

ad run opposite or surrounded by editorial helps it stand out. In newspapers, the best position is a right-hand page, above the fold on the outside corner.

- Be aware of timing. For example, monthly magazines close their books for orders 30 to 60 days ahead of issue. You may get an additional week or two to supply artwork. If you're in a hurry, newspapers, which have short two- to three-day closing deadlines, are a natural.
- Don't buy the frequency line—the myth that you need to run at least three times before the ad will start to pay out. The best results are almost always with the first exposure of the ad in a new publication. Thereafter, let the extent to which the publication's audience changes and how strongly the ad pulled on the first test be your guide. Experiment and test. (Ask for a frequency discount while you're at it.)
- Unless an offer depends heavily on color visual, it's best to start out with a black-and-white ad. Color can add 20% to 40% to your cost.
- Every ad eventually gets tired. So it pays to continuously test new copy, changes to the offer, different bonuses, pricing, and so on. An A/B split is the only way to eliminate outside influences and get a true reading. With a perfect A/B split, you provide the artwork (coded separately) for your control ad and for the test ad. Half of the issue—every other copy of the publication that comes off the presses—carries the control ad. The other half carries the test ad. There's no geographic bias. Both ads appear in the same position, surrounded by the same editorial, so any significant difference in response reasonably can be attributed to the ad itself.
- Beware of 50/50 splits. Publications sometimes offer an "imperfect" A/B split or a "cluster" split. Instead of having the ideal mix of every other copy, the issue is batched in groups of 50 to 500, so distribution is likely to have at least some geographic bias. Publications that offer a 50/50 split guarantee only that each of your ads will be distributed to 50% of their circulation.
- If you want to test one region vs. another, some publications will accommodate geographic splits at no charge, so long as the splits tie in with their normal distribution boundaries.
- Many publications aren't set up to do splits. Others will do splits only on full pages. Split charges can vary from zero to \$3,000, so it pays to bargain. Conduct A/B splits in your most-profitable publication.
- Be sure every ad is coded separately so you can track results.
- In measuring the results of a split run, look for a clear winner. If results are separated by only a small margin, you gain nothing. Unless the test outpulls a control by 20% or more, it's not a clear winner over a control ad that's had prior exposure in the publication.
- Track ad results as long as possible but no less than three months. Some ads pull orders years after the issue date. This is particularly true of magazines that tend to hang around barbershops or doctors' offices.
- Don't be discouraged if your initial results are not blockbuster. I work with an advertiser whose test ad ran in three magazines. Two of the three failed, and the third was only marginal. With what we learned, we still built a long-term successful ad campaign that helped double the client's subscriber base.

Go forth and gather those names!

—Myles Norin

CHAPTER IV

BECOMING A MASTER OF PRICING



DISCOUNTING TO BRING IN NEW SUBSCRIBERS

A reliable way to grow a new business is to market a great introductory product at a substantial discount to its perceived value. This may seem to be common sense, but it's not always done.

If you have the means to establish a price that is substantially less than what the competition is charging, you will likely see a very strong response to your advertising.

This is not to say discounting is appropriate for every sales strategy. On the contrary, it is a challenging if not problematic way to grow a business. Most products should be sold by emphasizing their qualities and benefits. When you are selling back-end products to existing customers, for example, you should discount infrequently and carefully.

If you overemphasize "cheapness," you will encourage customers to think of you as a provider of cheap and therefore inferior products. Holding a position of discounted quality is hard to do.

That said, nothing will grow a customer base faster than drastically underpricing the competition. The ideal pricing mix for me is one lead product promoted at a heavy discount and all other products sold by emphasizing quality.

The purpose of marketing at a heavy discount is to attract as many qualified buyers as possible. After those buyers come in, they should be offered lots of back-end buying opportunities. This will result in a high lifetime value for each of them.

The higher the lifetime value, the more you can afford to spend on each newly acquired customer. Most groups I work with are happy to spend between 30% and 100% of the price of the new product to acquire a customer.

If you don't have a price-driven offer among your front-end marketing efforts, you should try one. You may be surprised at the results.

—Mark Morgan Ford

— Snapshot in Time —

Tuesday, July 2, 2013

Differentiating Your Franchise

Five destinations—Las Vegas, Newport Beach, Beverly Hills, San Francisco, and San Diego—all offer top restaurant, hotel, and meeting options.

If you were planning an out-of-town business meeting, which one would you choose? Bedros Keuilian, an *Early to Rise* subscriber and frequent contributor or ETR's eletter, wanted to make that decision easier for his fellow ETR readers. So he gave them his personal opinions on these destinations, backed by lots of experience. He had been to all five cities many times, mainly on business. And he wanted to share what mattered to him at each one.

In San Francisco, he said, he usually stays at the Westin or the Four Seasons. In Beverly Hills, his dinner meetings end up almost exclusively at Mastro's Steakhouse. In San Diego, it's Donovan's Steakhouse, and in Newport Beach he chooses 21 Oceanfront. When in Las Vegas, he holds his business meetings at either the Aria or the Bellagio hotel, and dinners are at the MGM Grand's Craft Steakhouse.

While his shortlist of venues is carefully considered, there are only two ways to get on it...

1. A recommendation from someone he respects
2. A level of service unmatched by competitors

To highlight how good their service is, Bedros describes how Aria and Bellagio send a private SUV to pick you up at the Las Vegas airport. The two hotels communicate that they care about you by saving you the headache of waiting in the long taxicab line, he says. They also provide private check-in, upgraded rooms, and top-notch breakfast and lunch meeting spaces.

Mastro's Steakhouse follows up each dinner with a call the next day to ask about your food and service. It gives the impression it will issue a full refund or invite you back for another dinner on the house. That's the confidence it instills. He doesn't know of any other restaurant that follows up with a call about your dining experience. It's an unmatched level of service.

These establishments make you look good to your clients—and that means a lot in Bedros's line of work. It probably means a lot to many of his fellow ETR readers, too.

Here's the point: Your reputation and level of service are the primary factors that separate you from your competitors. If your franchise is relevant, your customers—people like Bedros Keuilian—are talking about you... good or bad. On Facebook, on Google... even at work, in clubs, and at family functions.

What your customers are saying matters and has an impact on your business. It's in these discussions where you can set your franchise apart.

—Rocky Vega

What Is Market Elasticity?

Except for certain products for which demand is required and not optional (like fuel for factories), market elasticity describes what happens when businesses raise or lower their prices. The theory is that there is an indirect relationship between the price of a product and (1) supply (the amount produced by the provider) and (2) buyer demand.

This concept of elasticity should always be taken into account whenever you consider raising or lowering the price of one of your products.

If buyer demand for the product is elastic, a price cut could persuade more people to buy... and a price increase could cause sales to fall dramatically or drive your prospects to buy other similar products instead.

However, if demand for the product is inelastic, a price increase or decrease will not necessarily lead to an increase or decrease in sales.

—Mark Morgan Ford

THE "RULE OF 100" FOR USING DISCOUNTED OFFERS

The purpose of a discounted offer is to persuade your prospect to take action—to buy more, or buy more often, than he would have otherwise.

But consumers are bombarded by discounts every day. There are thousands of deals out there, so how do you make yours cut through the clutter and get your prospect's attention? And how do you know what kind of a discount to offer? A percentage offer? Or X number of dollars off?

According to Jonah Berger, Wharton marketing professor and *New York Times* bestselling author of *Contagious: Why Things Catch On*, a simple way to figure it out is to use the "Rule of 100."

Imagine that you own a clothing store, and you're going to put a particular line of T-shirts on sale. The shirts usually cost \$20, but you're going to discount them down to \$15.

There are two ways you could advertise that discount. One would be as a percentage. Going from \$20 to \$15 would be 25% off. But you could also advertise them at \$5 off.

Which way is better?

Well, both discounts have your customers paying \$15 for a shirt. So whether you advertise the shirts at 25% off \$20 or \$5 off \$20 shouldn't make a difference, right?

No.

While the two discounts are essentially the same, the 25% off deal is going to be more attractive to your customers. It's going to *feel* bigger psychologically. Advertised in that way, you are likely to sell a lot more shirts.

Does that mean percentage discounts are always more effective?

Not quite.

Let's up the stakes. Rather than a \$20 T-shirt, you're selling a \$2,000 laptop. A 25% discount would take it down to \$1,500. So would a \$500 off discount.

But they don't feel the same to the consumer. For a \$2,000 item, \$500 off seems more significant than 25%.

Which brings us to the Rule of 100...

The Rule says that for discounts under \$100, a percentage discount seems to be a better deal than an absolute dollar amount discount. For discounts over \$100, things reverse.

It's a matter of perception.

For most of our front-end offers, the Rule of 100 tells us that a percentage discount will have the strongest impact on your prospect's perception of value. But for our back-ends, a big absolute dollar, yuan, rupee, or pound discount could be the secret to boosting your sales.

—Rocky Vega

DETERMINING THE COST OF ATTRACTING NEW SUBSCRIBERS

For most products, pricing is not difficult to determine. You have to charge enough to cover your costs and give you an acceptable profit.

Imagine, for example, that you are in the restaurant business. You have to price your hamburgers high enough so the price of each burger pays for the cost of the meat, the labor to prepare and serve it, a reasonable portion of your overhead (rent, taxes, etc.), and another 20% or so for profit.

The challenge in information publishing is to figure out how much to charge for a product—a newsletter—that has the main purpose of bringing in new subscribers.

If you wanted to break into a new market, you would want to do something aggressive to catch your prospects' attention. You might want to discount the newsletter (your lead product) either periodically or permanently. But if you discount it too much, you may bring in the wrong type of buyer—bargain hunters who will subscribe only when they are getting the better side of the deal.

Point is, you cannot establish a price for any product without an idea of whether it makes sense economically.

Another way of saying this is that you have to be able to figure out your *allowable acquisition cost* (AAC).

So how do you do that?

The formula is very simple. Figure out the "lifetime value" of your average subscriber—how much he will spend with you over time. Deduct the cost of producing your newsletter from that. Then deduct a percentage of your overhead. And then figure out and deduct how much you want to profit from that subscriber. The final number is your AAC—the amount of money you can "spend" (i.e., lose) to attract a first-time subscriber.

Step One: Determine Lifetime Gross Profit

Let's say you have found (from your own experience or from industry data based on someone else's experience) that the average subscriber will stay with you for four years and spend \$60 per year with you. That's a total of \$240 in purchases. If your cost of producing those goods is half of that \$240 or \$120, that leaves you with \$120 in gross profit over the four-year "lifetime" of your average subscriber.

$$\begin{aligned} & \$240 \text{ lifetime gross sales after first purchase} - \$120 \text{ cost of goods sold} = \\ & \qquad \qquad \qquad \$120 \text{ lifetime gross profit} \end{aligned}$$

Step Two: Determine Lifetime Net Value

The \$120 that is your lifetime gross profit does not take into consideration your overhead expenses, such as rent, utilities, payroll, and so on. Before you can determine your allowable acquisition cost, you have to figure in those expenses. You have to deduct them from your gross profit. Let's assume your overhead is pretty high—equal to half of your gross profit.

$$\text{\$120 lifetime gross profit} - \text{\$60 lifetime overhead} = \text{\$60 lifetime net value}$$

Step Three: Determine a Reasonable Profit

Now you have to account for the profit you want to make and deduct that from the lifetime net value. Let's figure in at least 20% of gross sales.

$$\begin{aligned} \text{\$60 lifetime net value} - \text{\$48 lifetime net profit (20\% of \$240)} = \\ \text{\$12 allowable acquisition cost} \end{aligned}$$

In other words, you could lose \$12 on every first-time sale and still have a business that generates a 20% profit over your average subscription lifetime.

This information could give you a significant marketing advantage. It would allow you to advertise and sell your newsletter—your lead product—to first-time subscribers at a discount compared to your competitors.

Discounting isn't the only way to bring in new subscribers, but it is certainly one of the most common. Once you know your allowable acquisition cost, you can try various discounts without ever taking much risk.

—Mark Morgan Ford

OVERCOME RESISTANCE TO HIGH-PRICED PRODUCTS

When selling specialized information products—newsletters, conferences, online services—we are often asking prices that are many multiples of what trade publishers charge for books and magazines. The higher the price, the more the prospect is likely to experience “sticker shock”—astonishment and resistance to an unexpectedly high price for ideas, no matter how important.

Here are 12 techniques to help us overcome sticker shock and get people to pay the hefty prices we are asking.

1) **Make the reader feel relieved to hear how little you are charging.**

Do this by stating higher prices for other services or products first, then giving your price, which is less. For instance, if you are selling reading glasses, mention that laser eye surgery is \$1,000, new eyeglasses can run \$300 at an optician, but your buy-by-mail reading specs are just \$19.95.

If you are selling an options trading course on video, first mention your \$1 million minimum private managed accounts... your \$5,000 seminars. By the time you get to the videos, the prospect will actually be relieved to hear that they are only \$299.

2) **Make an apples-to-oranges comparison.**

Don't compare your newsletter to another newsletter; compare it to another resource, such as private consultation or expensive training. Promotions for Georgetown Publishing's *American Speaker* service compare the \$297 price to the \$5,000 a top speechwriter would charge to write just one speech.

Leeb's Index Options Alert notes that the \$2,950 it charges for its options trading service is like paying a 2.95% fee on a \$100,000 managed options account—and that it's actually lower than the total fee such a managed account would charge.

3) **Spread out the payments.**

Rodale and Franklin Mint are well aware of the sales-closing benefits of offering several smaller payments vs. one large lump sum. One publisher of financial advisory services costing thousands of dollars found that offering subscriptions on a quarterly basis reduced sticker shock and increased sales.

If yours is an Internet service, consider offering it for so much a month with credit card payment on a toll-free basis. After all, which sounds better: “\$19.95 a month” or “\$240 for one year”?

4) **State the price in terms that make it seem very small.**

Even if you want full payment up front, state the price in your promotion in terms that make it seem smaller. A \$197 annual subscription, for instance, gives the buyer access to vital ideas for just 54 cents a day.

Warning: Divide the price by length of service or subscription, but avoid a price per book or price per page comparison. Reason: Specialized information products always have a higher price per page than the trade books or periodicals with which the buyer will invariably make a comparison.

5) **Value the component parts.**

If you are selling an options trading course for \$200, list the individual elements and show that the retail prices of each (videos, workbook, hotline, online access) add up to much more than \$200—and, therefore, the course buyer is getting a great deal.

Even better: Position one or two of the product elements as premiums the buyer can keep even if he returns the product or cancels the subscription. Offering “keeper” premiums usually increases response. Example: Instead of selling your 8-volume recording for \$69, say it is a 6-volume recording for \$69, then position the other two volumes as premiums.

6) **Add an element that cannot easily be priced by the buyer.**

Loose-leaf services, for instance, face a built-in resistance from the buyer: “Why is it X dollars if it’s just a book?” Supplements help differentiate loose-leafs from regular books, but publishers have found it even more effective to include a digital service as part of the offer. The digital service is perceived as a high-value item with indeterminate retail price (software can cost anywhere from \$19 to \$499), so it destroys the “book to book” comparison between loose-leafs and ordinary books.

7) **Show the value or return in comparison to the price.**

Demonstrate that the fee you charge is a “drop in the bucket” compared to the value your product adds or the returns it generates. If your service helps buyers pass regulatory audits, talk about the cost of failing such an audit—fines, penalties, even facilities shutdowns.

If your manual on energy efficiency in buildings cuts heating and cooling costs 10% to 20% a year, your prospective buyer with a \$10,000 fuel bill for his commercial facility will save \$1,000 to \$2,000 this year and every year—more than justifying the \$99 you are asking for the book.

8) **Find a solution with your pocket calculator.**

With intelligent manipulation, you can almost always make the numbers come out in support of your selling proposition. Example: A high-priced trading advisory specializes in aggressive trades with profits of around 20% to 30% with average holding periods of less than a month.

The challenge: Overcome resistance to paying a big price for modest-sounding returns. Solution:

Dramatize the profits the subscriber can make with numerous quick trades. Copy reminds prospects: "If you could earn 5% each month for the next 10 years, a mere \$10,000 investment would compound to a whopping \$3.4 million. At 10%, it would be an almost unimaginable \$912 million!"

9) Preempt the price objection.

Most mailings for expensive products build desire and perceived value, then reveal the price only when the customer is sold. An opposite approach is to state price up front and use the exclusivity of a big number to weed out non-prospects.

Example: "This service is for serious investors only. It costs \$2,500 a year. If that price scares you, this is not for you." An element of exclusivity and snob appeal is at work here. Also, the more you tell someone they do not qualify, the more they will insist they do and want your offer.

The classic example is Hank Burnett's famous letter for the Admiral Byrd Society's fundraising expedition. The second paragraph states: "It will cost you \$10,000 and about 26 days of your time. Frankly, you will endure some discomfort, and may even face some danger."

10) Use a false close.

Bring the prospect to the point of asking for the order. Then, instead of doing so, say, "But wait, there's more..." and then present another irresistible benefit. THEN ask for the order.

11) Add a sweetener.

Add an extra incentive—a special premium, extended warranty or guarantee, free service or support, two for the price of one, or other special offer to close the deal.

12) Establish yourself as the leading expert in your field.

Price resistance diminishes in direct proportion to the prospect's belief that you are the unchallenged expert in your field or niche. Reason: They perceive that you offer solutions unavailable from other sources, and that your solutions work as promised.

—Bob Bly

Figuring Lifetime Value--Quick and Easy

When you are starting out, you can't know with certainty how valuable your average subscribers will be over the period of time they are spending money with you. They should be worth to you what they are worth to other similar businesses in your market. So until you can figure out, based on your own experience, exactly how much you can spend to acquire new subscribers, you can use a standard number for your industry.

On average, depending on external factors and how good you are at customer service, after an initial purchase you can expect your subscribers to spend between 100% and 500% of their original purchase price with you over time. More importantly, on a gross profit basis—after cost of goods sold—they are likely to be worth between 50% and 100% of what they spent on their first purchase.

So when you don't have any experience behind you, it is prudent to run your projections based on two assumptions:

1. A lifetime value of 50% of the initial purchase price (conservative).
2. A lifetime value of 100% of the initial purchase price (realistic).

—Mark Morgan Ford

— *Snapshot in Time* —

Friday, April 18, 2008

Build Your Back-End Writers Into Stars

You can't just package a group of high-priced back-end products and expect it to work as well as a strong alliance offer.

An alliance offer is a bundle of products, typically offered at a discount for a lifetime term. The products in the offer have to be products that your readers want. And what they usually want is something new from someone they've come to know and trust.

So you have to build your back-end writers into stars. You have to explain to your customers what they are doing... and what kind of results they are getting. You have to make them anticipate and desire more from those writers. Then, when they get the alliance offer, they will welcome it as a way to get something they already want.

—*Laura Davis*

THE ONLY THREE WAYS TO INCREASE REVENUES

Marketing genius Jay Abraham frequently points out that there are only three ways to increase the revenues of a business—and you have to implement all three:

1. You can sell to more people.
2. You can sell more products to existing customers.
3. You can charge more for your products.

That's pretty simple, don't you think? So let's talk about how you are going to do it.

1. *Sell to more people.* At some point, you will have sold about as much of your lead (front-end) product as you possibly can. To bring in more new customers, you will have to develop additional lead products.
2. *Sell more products to existing customers.* This is the back end of your business—selling additional products to your existing subscriber base. A good strategy is to produce a series of sales letters for your back-end products... and start sending them to each new subscriber as soon as possible after the first purchase is made.
3. *Charge more for your products.* It may be possible to charge more for your lead products, but there is a danger in doing that because it will change the nature of your business in a fundamental way. If you want to take this path, it's usually better to launch a separate line of products under a separate brand. But back-end products can, and should, be pricier than front-end products. Your best customers will want to spend more money with you. Let them.

Back-end sales are not only more profitable, they are easier to make. But, tempting though it may be, don't make the mistake of devoting most of your talent and time to the back end. In fact, you should put your best and most experienced people to work on the front end. That is where you need tipping-point ideas.

—Mark Morgan Ford



CHAPTER V

DESIGNING IRRESISTIBLE OFFERS



OFFERS THAT BRING IN A FLOOD OF NEW LEADS

The most effective front-end offers have six things in common:

1. They are different or unique.

The best offers are fresh and new. When copywriter Bill Jayme wrote the direct-mail package that launched *New York Magazine*, he proposed a sweepstakes. Sweepstakes have long been used to sell magazine subscriptions, but none has ever offered the prize Jayme dreamed up: dinner at Gracie Mansion with New York City's mayor.

Most investment newsletters offer free special reports as premiums. The Sovereign Society, a newsletter on offshore investing, offered something different: a free Swiss bank account.

Most business magazines offer either discounted subscription rates or standard premiums like special reports, tote bags, or calculators. *Advertising Age* had a successful control where the premium was a ceramic coffee mug. Coffee mugs are nothing special. But this one was imprinted with a mockup of an *Ad Age* cover. If the subscriber was Jan Smith, the headline on the mug was personalized to read: "Jan Smith Chosen as Marketing Genius of the Year."

2. They have a high degree of desirability.

An unusual offer only works if it's something people really want. A publisher was selling a loose-leaf service on how to manage Novell NetWare local area networks. Response rates doubled when a new direct-mail promotion offered free software—a collection of utilities for Novell networks.

The 100% increase in orders confirmed that these software programs were tools network administrators wanted to get their hands on. The outer envelope teaser read:

Yours FREE! – 5 Powerful Programs to Help You Manage Your Novell NetWare Network More Efficiently and Easily – See Inside for Details on This Special Limited-Time Offer.

On the other hand, a financial newsletter mailed a renewal promotion that offered as a premium a pack of playing cards with the editor's picture on them. Not surprisingly, it flopped. (Aside from the editor's mother, who would want that?)

3. They have a high perceived value, especially in relation to fulfillment cost.

Free software has traditionally worked well as a premium. Software has a high perceived value in relation to the cost of goods. Software can easily sell for \$49 to \$300 or more, yet it costs very little to distribute it.

In a promotion tied in with their sponsorship of the Olympics, IBM offered a special IBM Olympic pin as a premium. The pin probably only cost and was worth a buck or so. But the promotional copy hinted that it could become a collectible, creating the perception of potentially high value.

4. They dramatize the brand or USP.

The Sovereign Society is a newsletter about offshore investing and increasing privacy. To support its USP it offered access to a free Swiss bank account with a subscription. Even when the offer does not at first glance seem closely related to the product, a clever copywriter can find a connection.

Years ago, *Newsweek* offered a free radio as a premium for new subscribers. It would seem that a radio was a poor choice for a premium. In the news area, radio and magazines compete with one another. But copywriter Milt Pierce used the differences between these media to make a logical connection between the premium and the product:

Dear Reader:

What's the fastest way to get the news?

It's on the radio. That's why Newsweek wants you to have—as an introductory gift for new subscribers—this superb AM/FM radio.

But what's the best way to get the news?

You won't get just headlines and a rough outline of the news with Newsweek. You'll get the news in depth...

5. They are easy to take advantage of.

You should make it as easy and convenient as possible for the prospect to accept your offer.

How? To begin with, offer multiple response mechanisms: a toll-free phone number... a link to a landing page... an email address... even (gasp!) a postal address. Different prospects respond in different ways.

In a direct mail package, enclose a business reply card (BRC) with your letter. If you want customers to enclose payment with their order, or privacy is a concern, also include a business reply envelope (BRE).

In a print ad, consider including a coupon or a bind-in BRC opposite the ad. On the Web, landing pages should ask for the minimum information from the prospect when collecting leads. If you are building your opt-in list, ask for name and email address only. When you have multiple fields for the user to complete, use an asterisk (*) to indicate which are mandatory, and make as many fields as possible optional. Conversion rates decline incrementally for each additional field you force the prospect to fill out.

You can even highlight the ease and convenience of accepting the offer as a benefit in the copy.

In a letter selling the *Board Report*, a newsletter for graphic designers, copywriter Sig Rosenblum did it this way:

Please complete the card enclosed and drop it in the mail today. It's already addressed. And the postage is paid.

6. They minimize the buyer's risk and obligation.

Do whatever you can to minimize sales pressure on the prospect. If you follow up leads by phone instead of with a field sales force, say in your copy "No salesperson will visit." If you do not follow up leads by phone, say "No salesperson will call."

Does the buyer have to agree to sit through a presentation or complete a survey? If he is not required to take further action once he accepts the offer, note this in your copy by saying: "There's no obligation... nothing to buy... and no commitment of any kind."

—Bob Bly

ALAN SHARPE'S "10 TESTS" OF A STRONG OFFER

Every package you drop should contain a strong offer. The offer should be an incentive or reward that motivates prospects to respond in some way, most often with an order. To get the highest possible response rates, make sure every one of your offers passes the following "10 Tests" from master copywriter Alan Sharpe:

1. Is the offer specific?

Will your prospects understand exactly what they get and how they get it?

2. Is the offer exclusive?

Are you making the offer to everyone? You will have more success if you make your offer only to a select few. Can you find a way to make your prospects feel like they are an exclusive bunch?

3. Is the offer valuable?

No matter how inexpensive it is for you, the offer must have a high perceived value for your prospects. Will they perceive the value?

4. Is the offer unique?

Is there something about the offer—the product, pricing, or payment terms—that is only available through you?

5. Is the offer useful?

Will taking advantage of it help your prospects save money, save time, or do their jobs better?

6. Is the offer relevant to your prospects?

Will it connect with them on a personal and emotional level?

7. Is the offer plausible?

Some offers are too good to be true and others can come off as silly. Is yours realistic and believable?

8. Is the offer easy to acquire?

Your order form, terms, and conditions need to be clear and simple. Is the language short and sweet?

9. Is the offer urgent?

Are you clear about the deadline? Are you limiting the offer to only the first 250 people who respond?

10. Does the offer have a guarantee?

Are you strengthening your pitch with a money-back guarantee—one that makes it clear that there is no risk whatsoever?

—Mark Morgan Ford and MaryEllen Tribby

— Snapshot in Time —

Friday, September 12, 2008

Alliance and Lifetime Offers

We built S&A by matching front-end products with back-end products.

Our first product was *Porter Stansberry's Investment Advisory (PSIA)*. Six months later, we launched *Diligence*. I recall being pressured to do a lifetime offer for *PSIA*.

But... it just didn't make sense to me in the context of what I was trying to do—build a whole research group. So I resisted. We didn't make any lifetime offers until the Alliance was launched in late 2003. And by then, we had a suite of products—six or eight in all.

A recent special Alliance offer did spectacularly well. The key is that we promised to send customers a live check for \$2,500 by FedEx on a fixed date. The FedEx delivery was important... because they believe it.

The offer required the customer to pay \$7,500 up front, but it also returned to the customer all he had spent with our group.

It helps to have one "public leader," who is identified with the business, or group, and who speaks for it. Mark also believes that a free eletter, for example, works best if it has a single writer, rather than a group. And this is especially important for letters that go to customers, such as the *Digest* for all paid-up subscribers. The writer has to represent the group... with a single, strong voice that draws the customers together and makes them willing—and even eager—to try other products from the company.

You want the writer with the big personality for this job, almost no matter how much you have to pay to get this person, it is probably going to be worth it.

I don't recall exactly how many entry-level front-end subscribers we had... But I'd estimate we had around 50,000 by that point. *PSIA*, *True Wealth*, and *Inside Strategist* (which was originally a front-end pub). *Extreme Value*, *Microcap Moonshot*, and *Sjug Confidential* on the back end. (We didn't include *Diligence* in the Alliance and we still don't.)

I believe Alliance offers are much stronger than lifetime offers. People prefer to pay for something once—and they love the concept that as your business grows, they'll get more stuff for free. We always stress that the upcoming products, whatever newsletters we do next, they'll get as we develop them. Our audience knows our product line-up changes. They don't want to worry about missing the next hot newsletter.

The trick is to remember that your marketing channels can only support so much... There's a tremendous opportunity cost that's invisible. So... try to find a way to focus your offers with the very best use of your brand and the best emotional hooks.

In your shoes, I would spend the first few years building a front-end base that's as large as possible, with **only one or two back ends**. Once you have a fairly broad base and a good back end, then do an Alliance offer.

I'd recommend you make the offer just after you have a very successful back-end sales effort. If 1,000 folks are excited enough about your franchise to put up \$1,500 or so for a one-year product, it won't be hard to get them to put up another \$1,500 or so for a lifetime subscription to all of your products.

I don't know for sure if Alliance offers and lifetime offers are mutually exclusive. Maybe you can do both successfully. But... for some reason, I doubt it. How many of those folks who buy a \$1,000 lifetime will then convert to a \$3,000 Alliance offer? My bet is less than you think. They will already have a lifetime subscription. You'll have exhausted a lot of their enthusiasm for your business. I'd rather wait and get them to pay me a lot more in terms of upfront and especially maintenance fees.

—Porter Stansberry

VALUE PROPOSITIONS AND MARKETING GIMMICKS

Before coming to Agora, I was a partner in a big direct-marketing business. Because of our size, we were able to do a lot of testing. I loved testing obscure media to find undiscovered list gold. But most of all, I loved testing offers.

I tested hundreds of different kinds of offers to increase the size of the average order, to generate subsequent orders, to reduce refunds, etc. Lifetime and infinity offers were especially successful. No surprise, because they are fundamentally good deals—for both the buyer and the seller. (That's why they became marketing conventions and still perform well today.) They allow enthusiastic new customers to sign up for more of what they want for less money. The benefit to the seller is that they get more money up front and thus, on average, higher lifetime values.

But not every offer we tested worked so well. Some worked marginally better—which usually means not any better. And some worked very well in the beginning but then suddenly stopped working.

I remember, for example, a handwritten renewal letter we sent out from the editor expressing his fear that if the subscriber didn't renew immediately he would be fired. And another one showing a photo of a dog that the publisher threatened to kick if the subscriber's renewal check wasn't in the mail within 24 hours.

These offers were fun to test and they did produce temporary blips on the radar screen of response rates. But none of them worked for more than a year or so.

When I came to Agora, I would sometimes suggest offers like these. Bill never warmed to them. He called them "gimmicks." I didn't like that categorization. Probably because I knew there was some truth in it.

In thinking about the offers I've tested that have come and gone... and those that have endured... I now believe there are two types:

- Value propositions
- Marketing gimmicks

Value Propositions

Lifetime and Infinity Offers

Lifetime and infinity offers work well because they are genuine value propositions. Subscribers who love your franchise will see the value in these deals and respond to them forever—as long as you are providing real value at a substantial discount.

The secret to making value propositions work over time is incremental augmentation—your commitment to continually improve your products relative to the needs and desires of your subscribers. If you ever find that your lifetime or infinity offers are NOT working as well as they once did, the problem is almost certainly that you are *no longer giving people a really good deal*. You may be making the same offer as you always did, but something about what you are offering—the quality of your products—has changed.

The Half-Price Offer

There is something about “half price” or “two for one” or “buy one and get one free” that consumers find irresistible. I have tested against this core offer dozens of times and have never been able to beat it, except temporarily. Agora marketers occasionally forget this and need reminding.

Free Shipping

Paying the cost of shipping when the buyer opts for the “best deal” has been working for products (big and small) for as long as I’ve been in the business. Agora uses the free shipping offer for its natural health supplements. I’m sure we will find other useful applications of it in the future.

Free Bonuses

Giving buyers something extra with a purchase (and more when they select the “better” or “best” purchase option) is a proposition that has worked forever. The success of using bonuses or premiums depends—as it should—on the genuine value of these free products and services.

Marketing Gimmicks

Marketing gimmicks are clever little tricks that are used to convey the idea that the offer is perhaps more special than it really is. As a marketer, you have to love coming up with these gimmicks—especially when they work.

One of the most memorable marketing gimmicks I ever came up with was the “We’ll refund the money you paid to our competitor to try our product.” I used this about 20 years ago. It worked fantastically well for a while, but stopped working the moment our competitors began using it too.

That is the irony of marketing gimmicks. They cease to work well as soon as they become popular.

A marketing gimmick that I have used many times in my career is the “double your money back” guarantee: “if you are not entirely satisfied with your subscription, we will give you back your \$39 plus another \$39 just for giving it a try.” This has never become an industry standard, and for good reason. Although the proposition is very strong in persuading the prospect that the product is good (Why else would you dare to offer it?), there is no true value here. After all, honest people are not going to order something they don’t really want just to take advantage of the refund offer.

However, there is a way to work this offer right—and when you do, you’ll find that the refund rate is actually lower than your normal refund rate. In fact, we have had some success with it at Agora. But we don’t, and won’t, use it all the time. As I said, I know from experience that, like all gimmicks, if we use it too much it

will stop working. It will stop working not because moochers will take advantage of it but because genuine prospects will see it as a gimmick and will no longer respond to it.

My position on value propositions versus marketing gimmicks is guided by Pareto's Law. Spend 80% of your creative juices on value propositions and only 20% on marketing gimmicks, however much fun they may be.

—*Mark Morgan Ford*

— Snapshot in Time —

Thursday, February 28, 2013

Implementing Upsells and Recapturing Abandoned Sales

You're leaving money on the table if you're not taking full advantage of upsells and abandoned order forms on your websites.

Upsells and Cross-sells

Upsells give your customers a one-click option to immediately upgrade to a more expensive product that is similar to one they just purchased.

Upsells reach confident buyers when they are at the peak of what Mark Ford calls a "buying frenzy." We've found that about 30% of buyers who are spending \$50 will spend up to \$150 if offered the chance with one click. You offer the upsell after the first sale is complete. You already have the purchaser's complete payment information. You add the upsell on top of the first order. You can't lose or slow down the finished first order.

The introduction of upsells has had a huge impact across Agora. At Stansberry & Associates in 2012, upsells in external marketing only (Web, TV, radio, etc.) went from \$0 in January to \$7,000 in February to over \$640,000 in November. In total, upsells accounted for \$1.3 million in that year (14.6% of S&As total external revenue). S&A finished 2012 at 95% breakeven. Without upsells, it would have been 81%.

At Equitymaster in 2012, 15% of *StockSelect* buyers immediately bought another similarly-priced front-end product when offered a cross-sell through the thank you page or the email confirmation. And so far this year, 35% of their lifetime subscribers have responded to the upsell to *ValuePro* (at \$150 to \$300).

At Agora Financial, a cross-sell on the *Addison Wiggin's Apogee Advisory* front end to *Capital & Crisis*, another front end, worked to 21% of readers. It resulted in 2,764 additional paid subscribers in about six months. The upsells allow AF to add new paid subscribers without having a strong working promotion for every service at the same time.

Abandoned Order Forms

Order recapture offers give you a chance to win back people who fill out your order form but leave your website before submitting it.

You don't know exactly what happened. Perhaps they left to answer the phone, change a diaper, or the computer crashed. Using Agora's system, you can re-establish contact via email. The system will have captured their email address if (1) they got to the order form via one of your emails, or (2) they entered their email address on the form before abandoning it. (If you're using an external system, Brian can help you get set up with third party software.)

A survey of online retailers found that three out of every four customers quit the order form before making a purchase. Only one in five companies used a recapture system, offering a discount if the prospect returned to complete the form, and they averaged 10-20% in recaptured sales.

Agora's abandon rates are higher than the average. We see front-end orders abandoned at 80-90% and back ends abandoned at 90-95%. A 10-20% recapture rate could translate into \$1 million or more in found revenue for each average-sized affiliate.

But we feel that simply offering a discount to lure prospects back to an abandoned order form lowers the value of what we are selling. So we are investigating some more creative approaches.

One of the things we are testing is gauntlets—series of emails instead of a single email recapture offer. Here is an example of a sequence being developed by two affiliates:

- Email #1 creates a sense of urgency.
- Email #2 describes additional credentials of the editor or benefits of the service.
- Email #3 presents an alternative offer at the same price point.

The more we test, the more we learn. So let's keep testing...

—Rocky Vega

HARNESSING THE POWER OF FREQUENCY

One of the early breakthroughs in my career as a marketer was when I figured out that people actually enjoy buying things.

Coming from an academic family, I had a cynical view of advertising. I saw it as a form of deception to talk people into doing things they didn't want to do. When I went into the newsletter publishing business, I had to overcome that prejudice. So I got myself comfortable with the idea of selling subscriptions. But after making the initial sale, I thought it best to leave my subscribers alone. At least until it was time for them to renew.

As I soon learned, that's not what they wanted. And if I wouldn't sell them more newsletters, they would get them from some other publisher.

It wasn't that they really liked newsletters. They liked the experience of buying them. The process of reading and responding to sales letters got them excited and hopeful. They found it pleasurable. And, like many pleasurable experiences, it was habit forming. They wanted a repeat of the feeling that first purchase had given them.

It was a phenomenon I eventually dubbed "the buying frenzy."

After figuring this out, I changed the way I did business. Rather than giving a new subscriber a six-month "vacation," I sent him a chance to renew his subscription three months after he started. When that worked, I did it two months after he started. And when that worked, I did it the very next day. The original "upsell."

What I had discovered was the power of frequency. The more offers I sent to new subscribers, the more money they would spend with me. And the offers that went to them sooner tended to do better than those that went later.

I developed a protocol that eventually became standard in the industry:

- the renewal-at-birth bounceback offer
- a second-chance renewal-at-birth a week later
- early renewals at six months, three months, two months, and one month
- a last-chance renewal at expiration
- and a "you goofed" renewal one month post-expiration (which considerably improved renewals)

But the real breakthrough came about in 1983, when I wrote the first lifetime renewal. It was for the Oxford Club. We charged, I think, \$795. It made us millions. And it increased the lifetime value of our readers by about \$100.

The Evolution of a Back-End Marketing Strategy

The next innovation—the “gauntlet”—came in the mid-1980s.

A gauntlet, as you know, is a medieval form of punishment. People armed with sticks or other weapons arrange themselves in two lines facing each other and beat a person forced to run between them. Translated to the business of marketing information products, it was the practice of sending new subscribers 6-10 additional offers in the first two weeks after an initial purchase.

I had never seen buyers pummeled so heavily with offers. Yet, it worked.

We incorporated the gauntlet at Agora in the mid-1990s. Some publishing groups have been using it ever since.

Today, because of the Internet and the marketing industry that has grown up around it, gauntlets have become very sophisticated.

- For one thing, they can be done automatically with an autoresponder. Once set up, manual labor is no longer needed. Each piece of the gauntlet goes out exactly according to the sequence you have established.
- Another improvement in gauntlets is their sheer size. In the old days, it was difficult and expensive to manage a gauntlet. So we tended to limit them to several weeks and no more than a dozen efforts. Today, you can create an autoresponder series of 50 or 100 efforts that goes out for 12 or more months.
- A third improvement: It is very easy to segment gauntlets. You can easily run half a dozen gauntlet sequences at the same time to optimize back-end sales. The only challenge is the time required to write and test the sequencing. But the management of multiple gauntlets is not a problem.
- And, finally: It is basically free to send emails to our subscribers. So you don't have to limit the content of your gauntlet messages. You can design a series that includes editorial content as well as sales letters, or any combination of the two.

Designing the Perfect Gauntlet Series

Our back-end marketing strategies should always be tied to the established buying patterns of our customers. By studying their past buying patterns, we can pretty well predict:

- how much they will spend with us
- how often they will buy
- what products they are likely to buy at what prices

For example, we know when health subscribers will buy certain back-end products that they won't buy earlier on—e.g., vision cures. Same goes for investment subscribers and such products as options services.

We also know that with direct mail, the buying frenzy is usually strongest in the first three months. And we know that the buying frenzy for free names is different from that of paid names. Free names tend to buy conservatively at first. Their buying gradually increases as their trust grows. The buying frenzy for paid names seems to peak early and then settle.

This is all valuable information. So it seems logical that we can use it to create gauntlets that sell new subscribers the "right" products at the "right" prices according to the arc of their buying frenzies.

Given what we know now, the perfect gauntlet would look like this:

1. It would begin with the original promotion—after the false close.

The opportunity would be for the buyer to get a higher level of service or more months of service or extra premiums. Tests have shown that people buy more when, before they actually place the order, you give them the chance to upgrade their purchase by two degrees. (By two degrees, I mean a one- two-, or three-year subscription... standard, premium, or platinum service... one, three, or six months of supplements.)

2. It would continue with the upsell.

After the purchase, the buyer would be given an opportunity to buy again. Immediately. The upsell should be designed to bring in the maximum revenue with the least resistance. If someone buys a month's supply of a supplement, for example, the easiest upsell might be the three-month offer. (Which he just turned down.) There is always something out there that the buyer will buy in this moment.

3. It would include editorial material as well as advertisements.

This is an important point. Every franchise has in its archives evergreen essays that have been very well received by readers. These essays should be included in gauntlets because they have the power to get new readers excited about the franchise. That will make them better buyers. I would also include evergreen essays that lay out the fundamental Big Ideas of the franchise.

4. It would include a lifetime offer.

I don't see any reason why any subscription service should not have a lifetime offer. The best time to offer someone a lifetime subscription is soon after they have subscribed. This is when they should be most certain that they have made a good decision.

5. It would include an expensive back-end offer.

But... this offer would be presented in a series of advertorials. You don't want to simply hit your new readers with an expensive offer without warning. It needs to be explained and proven to them. That may take two or three efforts.

6. It should last long enough to include all your good editorial and sales efforts.

I would say 10 efforts would be a bare minimum. I can see gauntlets going to 30 efforts. Even more.

—Mark Morgan Ford

— Snapshot in Time —

Monday, July 1, 2013

Annoying Emails Work Best

In 2012, the people behind President Obama's reelection campaign learned something Agora has known for some time: It's okay to be annoying. In fact, it was the most important conceptual breakthrough of the campaign... to the tune of \$100 million.

Jonathan Alter's book, *The Center Holds*, explains how Obama's failed "creative" fundraising appeals gave way to a new focus on "annoying" fundraising emails.

The Obama team churned out over 400 emails each day because they were working. (Even though the onslaught of emails seemed annoying to the casual observer.) The more emails they sent, the more money came pouring in.

Along the way, they split-tested 240 versions. Each one had as many as 18 tweaks. From the greeting (they found "Hey" worked best)... to phrasing... to the dimensions of the donation button... to the color of the background (yellow generated a 10% to 20% greater response than white).

In one test, they tried 13 different special messages from Obama, using subject lines ranging from "Thankful every day" to "Do this for Michelle" to "Would love to meet you" and "Some scary numbers." The winner—a testament to radical transparency—was "I will be outspent."

In that email, Obama asked for just \$3 from new donors... more from previous donors... to fight against the more than \$1 billion in ads "trashing me, you, and everything we believe in." It concluded with: "We can be outspent and still win. But we can't be outspent 10 to 1 and still win."

The "I will be outspent" email not only raised \$2.6 million in a single day, it efficiently converted casual readers into committed volunteers.

The lesson for us: It is worth testing more of our lower dollar offers, even if it is just enough to cover credit card fees. It may be a good way to get the attention of more prospects and increase our file sizes

—Rocky Vega

THE BOUNCEBACK AND THE BUYING FRENZY

Everybody agreed. It was a multimillion-dollar idea. But weren't we already doing it?

I'm talking about a suggestion from Matt Smith. It was made at Porter Stansberry's yearly creative retreat.

The idea was to hit new subscribers with a sales pitch at the close. Just after they provided billing information. Matt said other Internet marketers had been doing this with great success. On average, he said, it increases the order by 25%.

What Matt was suggesting had been a mainstay of our business years ago. We called it a bounceback.

It had proven itself a thousand times over. Why hadn't I noticed that we weren't still doing it?

Then I thought about our old gauntlets. And I realized we no longer had those either. I was embarrassed.

Back when Agora was a young publishing company, it had a simple back-end renewal program. Subscribers were sent six notices. The notices started six months before the subscription ended.

Six efforts. Logically timed. And they delivered satisfactory response rates: 20% to 30% for first-time renewals (conversions) and 50% to 60% for succeeding renewals.

That was it. No lifetime offers. No VIP offers. And no gauntlets.

Agora was, of course, a different type of business. It had just a few publications. Almost all of Bill's attention was focused on writing front-end packages. And he did a good job of it. Thanks to those promotions, the company grew from nothing to \$8 million.

As a result, Agora developed a reputation for being a great "creative" house. The drawback was a lack of back-end revenue.

In 1993, when I joined Agora, renewals accounted for only 25% of the company's revenues.

Before the end of the year, that changed dramatically.

We expanded the renewals to 11 efforts. We also began a gauntlet of offers to sell back-end products. Those offers began the first day we received an order.

It worked like this. When a new order was processed (manually, back then) six or eight address labels were

generated. They were affixed to envelopes. The envelopes contained back-end promotional letters. They were sent out, one per week, to the new buyers.

The number of offers sent out depended on the historical responsiveness of the newsletter. Each newsletter had its own back end and gauntlet.

This strategy was based on something I'd learned prior to coming to Agora. At the time, I was selling business opportunities and merchandise.

What I'd learned was this: The best time to sell someone a second product was not when it made sense logically. That's what we were doing by timing our renewals to the expiration date. It was immediately after the initial sale.

This was counterintuitive. You would think it would be better to leave the subscriber alone for a while.

Nothing is further from the truth.

To explain this to the Agora team, I introduced the term "buying frenzy"—the period of time when the buyer is emotionally open to buying many more products like the one he just bought.

And every market has its own buying frenzy.

People who buy gambling products, for example, buy very heavily—every day—after their first purchase. They continue to buy until they run out of money. (Usually within two weeks.)

Business opportunity buyers buy when a hot new idea comes into the market. They continue to buy for 3-6 months. After that, they seem to tire of the idea. The market goes dormant, often for several years.

Health information buyers start to buy when they are old enough to be worried about health issues. (Generally in their mid-50s.) They continue to buy ad infinitum.

Investment newsletter buyers begin their buying when they start to think about retiring. They are drawn into the market by some breakthrough promotion. They continue to buy for 6-12 months. Then they go dormant until another strong package comes along.

As I said, every market has its own buying pattern. And the best back-end strategy is one that saturates the buyer with offers during his buying frenzy peaks.

The strength and length of your subscriber's buying frenzy depends on a number of factors. The most important are:

- the perceived value of the information
- his disposable income
- the amount of additional motivation he gets from you

Buying frenzies are usually strongest immediately after the initial purchase. That is why our bounceback offers always had such high take-up rates. That is also why gauntlets—even those that included high-priced offers—

always worked so well for us.

But that was then and this is now.

After we converted to the Internet model, we stopped doing bouncebacks. I'm not sure why. Maybe we didn't yet have the technology. Or maybe we decided to stop because bouncebacks don't work very well with free names. But they were never meant to work with free names. They were meant to take advantage of the buying frenzy. And that begins with a cash purchase.

Whatever the reason, we are grateful to Matt Smith for reminding us of this proven strategy.

Feeding the buying frenzy is the surest and easiest way to boost cash flow and increase lifetime value. All of our publishers should be routinely taking advantage of this. As a result, they will produce millions of dollars of additional revenue for Agora.

There are three ways to structure a bounceback offer.

1. You offer accessories.

This is a natural sale. Example: "Thank you for subscribing to Alex Green's newsletter. Here are three recent books he wrote that will help you understand his investing philosophy."

2. You offer an upgrade.

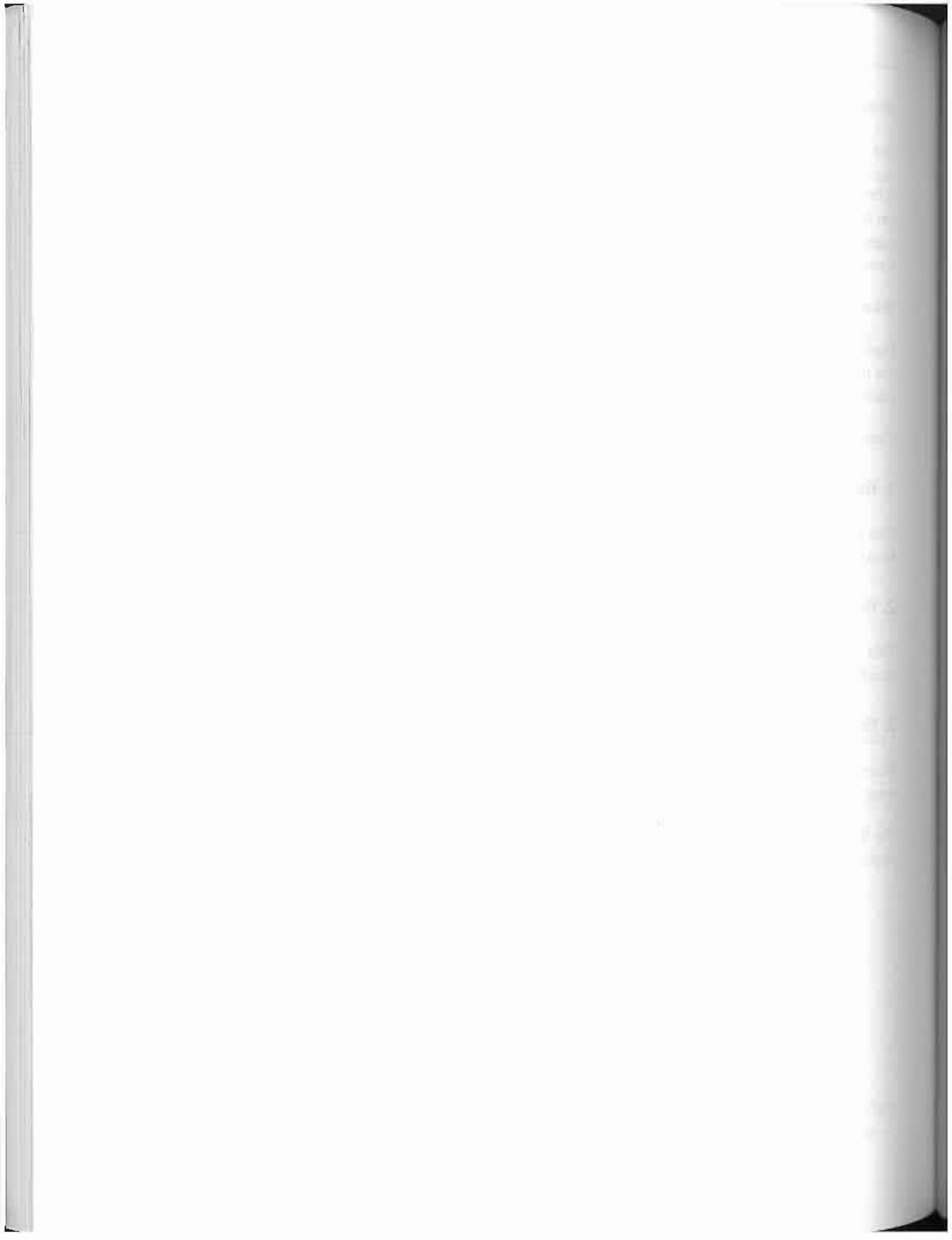
This is equally natural (and sometimes more powerful). Example: "Thank you for your purchase of a one-month supply of Pain-Free. If you respond today, we can send you three months for the price of two."

3. You offer a super upgrade—to a much more expensive product.

Example: "Thank you for your subscription to the Oxford Club. A single year's membership costs \$99. But I want to show you how to become a lifetime subscriber and enjoy...."

The decision of what offer to make in a bounceback is important. Spend some time thinking about accessories, upgrades, and super upgrades. Testing will show you the way.

—Mark Morgan Ford



CHAPTER VI

GETTING THE PROCESS RIGHT



— Snapshot in Time —

Friday, May 25, 2007

How You Can Double Your Profits

You have the choice—you can choose to double your profits by signing customers up for an automatic billing system... or not.

It's a bit different in each country. In England, direct debit—in which customers ask their banks to automatically pay for a subscription—is common. In other countries, you have to fight to get customers to agree to some form of autorenew.

In America, Agora has done extensive testing on the subject. We did one series of tests in which some customers were offered a credit card "auto-bill" system. Others got a standard offer—payment upfront.

Normally, you expect the automatic billing system to get a lower response, because customers are reluctant to sign up for something that will take some trouble to get out of. Typically, they prefer "pay as you go," with no strings or commitments.

But our tests proved that, in America anyway, many customers are ready to sign up for credit card auto-billing... if it is presented to them correctly. In some of the tests, the credit card auto-bill payment method actually beat the standard method. In others, the old method won. And in many cases, the tests were inconclusive.

However, when we examined what happened later on, after the first renewal, the evidence was overwhelming. Looking at all the auto-bill offers, and comparing them to the regular, pay-as-you-go offers, the auto-bill offers were more than twice as profitable.

The lesson is clear. If you can possibly get subscribers on some form of auto-bill system, work hard to make sure it becomes your standard offer. It's worth the effort.

—Bob Compton

A 3-NUMBER SYSTEM FOR KEEPING UP ON THE HEALTH OF YOUR BUSINESS

I'm a big believer in having no more than three or four numerical goals for a business. More than that is too many. You can't keep track. It takes too much time. It's too easy to focus on what doesn't really matter.

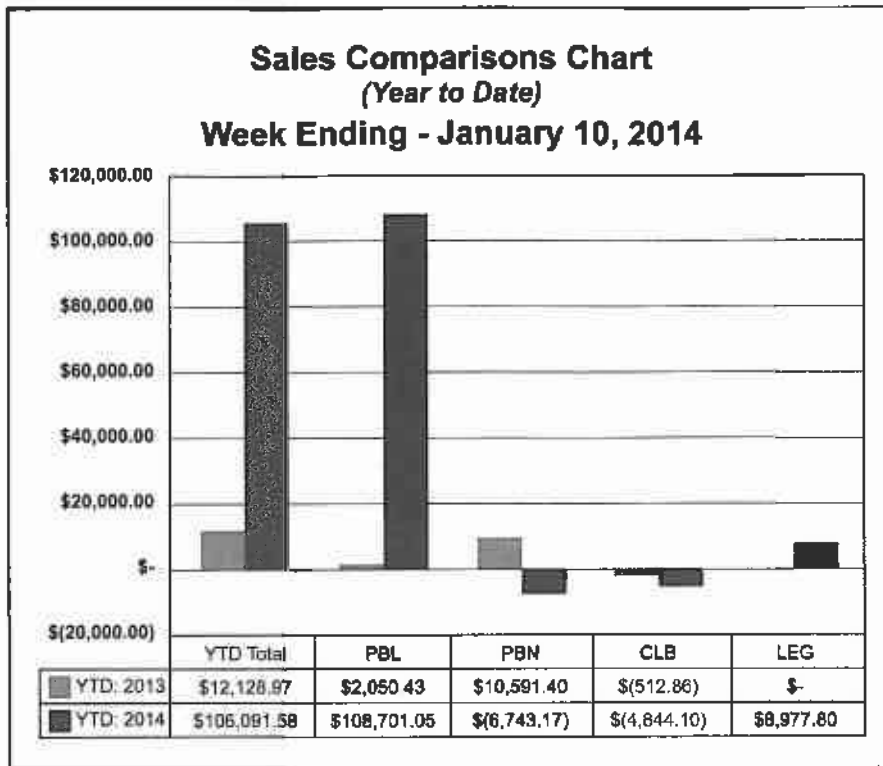
My recommendation is to identify the top things you need to do to profitably grow your business and track those numbers. Not just track them, but publish them so that every employee can see them, understand them, and feel responsible for them.

In businesses like ours, the most important numbers are often variations of the following:

1. How many new customers you are acquiring
2. How much money your new customers are spending with you
3. The relative sales performance of all your products over time

A good way to track these numbers is to ask your people to provide them to you in the form of three charts. Each chart should show how the numbers for that particular week compare to the numbers for the same week a year earlier.

Here, for example, is one of the charts that I get every week. It gives me a weekly count on the third numerical goal: product revenues for 2014 compared to 2013.



To me, this simple bar chart is very effective because you can see—at a glance—how things are going. NO... that is not the real benefit. The real benefit is that you cannot MISS the big trends.

—Mark Morgan Ford

— Snapshot in Time —

Friday, May 16, 2008

Autorenew: Becoming Part of the Customer's Routine

In general, an autorenew offer upfront (or "at birth") to any Stansberry Feeder publication drives 14% more net revenue to the affiliate, despite a 5% lower initial response rate.

This 14% increase is achieved in less than two years and climbs as the subscribers stay on the file longer. This does not even account for the significant cost savings in the renewal process.

The Three Main Attributes of Autorenew

1. It increases customer value through exponential conversion rate increases.
2. It increases customer file sizes by lowering attrition, allowing more back-end buying down the road.
3. It suppresses upfront response by 0-5%.

Automatic Charges Change the Customer Dynamics

The autorenew responders have a slightly higher refund rate—ranging from 3% to 5%. But they have a far higher conversion rate (40% vs. 12%).

Customer retention is also significantly increased—net of refunds—as 40% of the autorenew subscribers remain on the file past one year, while only 12% of non-autorenew subscribers are on the file after one year.

Conclusion

While the traditional offer puts the renewal order process hurdle in front of the customer—to make the call, get out the wallet, talk to customer service—the autorenew offer puts the *cancellation* hurdle process in front the customer. They have to take similar actions not to be charged.

Customers like their routines, and getting them outside of their routine involves hurdles. So the goal is to get our conversions and renewals on the routine side of the hurdle. By acquiring the right to charge a customer in the future, autorenew offers get our business on the right side of their natural inertia.

—Myles Norin

THREE ADVANTAGES OF ORGANIC SEM

Think about the process you use when searching for something online. Let's say you use Google. You're looking for ski equipment, so you type "Rossignol skis" into the search field on Google's homepage. What pops up on the search results page are two types of results.

On the right-hand side and sometimes at the top of the page, you see a clearly marked list of advertisements. These are arranged according to how much money the advertisers paid to be featured whenever someone keys in "Rossignol skis."

Below or beside the paid advertising, you find the "organic results." These are free listings of articles posted about the keyword or phrase the searcher used. In this case, "Rossignol skis." The listings are organized according to their popularity and usefulness. So, in our example, you would see Rossignol.com at or near the top of your organic search results. And right under that, you'd find ski equipment stores such as ColoradiSkiShop.com and ColoradoSkiOutlet.com.

How do companies get themselves listed prominently and frequently in organic search results? By using SEO (search engine optimization) techniques.

Some marketers shy away from SEO marketing because it seems to be so technical. This is unfortunate. It not only produces very qualified prospects... it's free!

Three more reasons to use SEO marketing...

Superior Click-Through Rate (CTR)

Most Internet users believe that organic search results have more credibility than paid ads, can be more relevant, and offer greater depth of choices. While paid ads should play an important part in your online marketing strategy, organic SEO marketing can bring you greater click-through rates and higher-yielding buyers.

Branding Power

Getting your brand into the top results helps promote your brand and establish your credibility with prospective and current customers.

More Trust Equals More Site Visitors and Higher Conversions

When prospective buyers see a paid ad at the top of search results, they view it with healthy skepticism. You don't have to know much about the Internet to understand that the most prominent ad came from the company that paid the most. That could give some prospects confidence that there's an established business behind it—but not nearly the confidence they have when they see an organic listing.

—Mark Morgan Ford and MaryEllen Tribby

TRENDING TOPICS MAXIMIZE YOUR SEARCH TRAFFIC GAINS

To take advantage of SEO (search engine optimization) marketing, you have to post lots of good, relevant content on your website. It is the main thing that Google uses to bring readers to your site.

So how do you decide what to write about?

It's tricky. You have to know what your readers want to learn from you... today. You must write essays with real people in mind, including the actual words and phrases they are likely to type into search engines. This requires research.

You have to ask yourself, "What do my potential readers want to read right now?" But the answer to that question is not as hard to find as you may think. It can be as simple as looking at trending topics in Google Trends, News, Images, and the front pages of competitor sites.

Some groups already have one or two people dedicated to doing this. Early in the morning, these SEO specialists compile lists of the hottest trending franchise-related topics of the day. Editors don't have to hem and haw about what may be important or timely. They review their must-cover lists and focus on writing emotionally compelling essays on topics they already know their readers are searching for. They can also search their own archives for ideas they can reuse by tying them into trending topics.

Researching trending topics helps generate inbound traffic and assures that you will be providing content that is relevant to your readers. It also helps you increase the quantity of content you are producing. It can increase the daily posts per editor from two or three to 15 or more.

—Rocky Vega

— *Snapshot in Time* —

Friday, February 13, 2009

Reactivate Your Paid Subscribers

Jackie Flynn sent a note saying that 25% of the IL subscribers we have email addresses for do not receive the postcards. She thought it was a glitch in the system—that we were not adding new subs to the file. I suspected it was subscribers who had been added and chose to unsubscribe.

That gave me an idea... Now is the perfect time for all publishers to try to reactivate “paid readers” who have unsubscribed to their free services. The free eletters are part of the “paid” services, so it is legally okay to try to reactivate them... And these are our most valuable subscribers.

Send those subscribers an email emphasizing the benefits of your free eletter and how important the daily commentary can be. In addition, or instead, you can include in an offer for your other free eletters, or even cross-promote other Agora eletters.

Here are the steps:

1. Contact each paid subscriber that isn't receiving the franchise “paid for” eletter and try to reactivate them to the letter. You need to emphasize the benefits of the eletter and how integral the daily commentary is to the newsletter service. Within the reactivation email, reintroduce the subscriber to the other free letters your franchise has. Create a very simple process for them to opt into each letter.
2. Contact each subscriber on your free eletter list and cross-promote the other free eletters within your franchise.
3. Contact the customers who have expired from our paid for services in the past year and try to reactivate them to a free eletter. This contact should be made only with subscribers who expired (as opposed to cancelled) and who don't already receive any of the franchise eletters.

Another program that we should implement across the board is to have subscribers confirm their eletter subscriptions. Any time we get a customer to send us an email, the major ISP will recognize and remember our relationship. In turn, they will respect our emails more. For example, some email providers will automatically show images instead of requiring the reader to click on a button. And, just by getting a subscriber to send us an email, they will experience better email delivery to their inbox.

—*Laura Davis*

HOW TO OVERCOME SERIAL CANCELLERS THROUGH SUPPRESSION

Some subscribers are not worth having. I'm talking about serial cancellers.

Imagine if, instead of being a publisher, you own a retail store. You sell dresses. Most of your customers are happy with their purchases. Every so often, one of them returns a dress. But Mrs. Schwartz is different. She returns every dress she "buys." She comes in on Friday and buys an expensive dress. Then she returns it on Monday with an excuse about why it won't work for her. She, of course, wore the dress Saturday night.

At Agora, we have buyers like Mrs. Schwartz. They like our products. But they don't like to pay for them. Being aware of our liberal guarantees, they respond to our offers, purchase the latest service, and then request a refund before the deadline.

How many of our buyers do that? I don't know. My guess is that there are hundreds of them. And their ranks are growing.

There is a basic rule of human psychology that economists have written bestselling books about: If you give people positive incentives for certain behaviors, they will behave in those ways more frequently.

I saw this happen years ago when I was in the 900-number business.

In the early years, users of 900-number services were required to pay for all the calls they made. But then certain marketers began to trick their callers into spending more time on the phone than was necessary.

So government regulators came in. In concert with the phone companies, they made payment optional. The marketers still had to pay the phone companies for the time used. But the callers were no longer required to honor their commitments. To make matters worse, phone companies printed something on their statements that said, in effect, "You don't have to pay this bill if you don't want to."

Government regulators were happy. Phone companies were happy. And unscrupulous callers were happy. Only the service providers were worried.

To make a long story short, the number of deadbeats increased every month. At one point, 40% of billed 900-number calls were not paid. For all intents and purposes, this ended the 900-number business. The lesson I learned: If it doesn't cost anything to abuse a system, the number of people doing it will increase.

That is what has happened in our industry with expensive back ends. We have gone beyond the 40% mark and have reached 50% and higher refunds in some cases. It is, I believe, a direct result of what we have done in our

guarantees. Our copywriters, incentivized by gross returns, emphasize the zero-penalty policy.

At 50%, I think we have hit the limit. You might say that 50% of the population has strong ethical objections to abusing a zero-penalty refund policy. And 50% are happy to make hay while the sun shines.

Some say that we should be content with a 40% to 55% refund range for our high-priced (\$1,000+) products. They see these rates as a natural result of effective marketing. And they point out that Agora has done very well on a net profit basis since we began marketing high-priced products.

That's true. But we don't know whether we might be doing better if our refunds were lower by 10 or 20 percentage points.

I have no proof of this, but I believe that high refund rates are bad for business. They are bad because they reward customers for bad behavior. Over time, that makes the cost of acquiring new customers higher. And, I'll bet, lowers their lifetime value.

I'd like to see refund rates at no more than 35% for our high-priced products. And no more than 12% for our entry-level products. I'd rather sell 100 subscriptions at \$1,000 and keep 65 of those subscribers than sell 120 and keep only 60.

In any case, I think everyone would agree that we should get rid of the Mrs. Schwartzes in our files. I'm talking about perpetual cancellers. People who use our products during the test period without ever buying them.

But what about the relentless testers—people who try our products and cancel over and over again? Are they worth keeping?

Again, I don't know. But if we ran the numbers, I'd bet we'd find that those who cancel more than three times are not worth acquiring.

I'm not saying the lower the refund rate, the better. Refund rates of 5% for front-end financial products may indicate that the marketing has been too conservative. I'd probably make the same case for refund rates of less than 25% on \$1,000+ services. But maybe not.

What can and should we do?

One thing I'd like to see is an analysis of repeat refunders. I'd like to see a chart that tells us their lifetime value according to how many times they refund.

If we discover that there is a point at which they become, essentially, valueless, we can use a suppression file to keep them out of our promotional campaigns. We might even keep them away from our free services. Daryl tells me we can do that. I think we should.

Another thing we can do is follow S&A's lead. They implemented a 10% "restocking fee" on their back-end cancellations. This is a very good way to eliminate refund recidivists and tire kickers. I doubt we could make such a policy work for front-end offers. But we could argue that it could work if we exempted those who had

never bought a product from Agora or that particular franchise before. (In other words, Agora as a whole or each franchise in particular would offer a 100% refund only once to a new name.)

If you decide to pursue this path, here's an idea: Send a notice to anyone who is about to cancel for the third or fourth time that says something like:

Please note that we do not extend offers to people who have cancelled our products three times or more. Our studies show that when customers cancel our products that frequently, they continue to cancel them. This wastes their time and our money. We are letting you know this now simply to inform you that if you cancel you won't be getting any more offers from us in the future.

The main point I want to leave you with is this: We will have a stronger business in the long run if we work hard to bring our refund rates down. And we can do that by reversing the incentives we have in place.

—Mark Morgan Ford

— *Snapshot in Time* —

Friday, October 24, 2008

Swarming Around Your Best Ideas

Sometimes, ideas are very timely. This is obviously true in the financial area. But it is true too in health and business. When an idea reaches the "tipping point," it is marketable. If you wait too long to get an idea out to your prospects, it may be too late by the time you contact them. They may have already heard it, so it will be stale and uninteresting.

This is one reason it is useful to have multiple channels for selling and delivering your ideas. Good ideas don't come along every day. Plus, ideas—especially those that have been worked into successful marketing copy—are expensive to produce. So when you have something important to say, you want to be able to say it to as many prospective customers as possible, giving you more "bang for the buck."

This is where "swarming" comes in. Here's how we do it...

We test new ideas all the time. And when we find an idea that works, we immediately get the team together to figure out how to "swarm" onto the idea—how to roll it out into different advertising and publishing media.

Write a book about it? Put it in a newsletter? A special report for the Internet? Use it on a website? Turn it into a direct-mail package... or a back-end product?

We liked one idea so much we turned it into a movie. Our documentary, *I.O.U.S.A.*, was launched in hundreds of movie theaters around the country. It's about how the U.S. is far too deep in debt. We saw the movie as part of our publishing mission—to get the idea out to a broader audience. (We didn't know how to make a movie ourselves, so we found help and we figured it out along the way.)

Swarming helps us use our hot ideas in multiple marketing channels at once: direct mail, banner ads, TV ads, telephone marketing, co-registration, PPC, radio, conferences, DVDs, blogs, space ads, and so forth. It allows us to get more mileage out of our ideas, and it reinforces our marketing efforts. A prospect sees an idea in an email... then sees it drawn out in a magazine... and then in a direct-mail package—all in a short "tipping point" period. It all works together to add to the credibility of and intensify the excitement surrounding our best ideas.

—Addison Wiggin

— Snapshot in Time —

Friday, July 11, 2008

Special Reports: Forgoing the Thud Factor

The subject was editorial quality....

I was reading two special investment reports—one from our UK team... the other from the Indian team. Both had their good points... but both seemed to be missing something.

In the past, we have probably been too cavalier about “special reports.” They are often given to middle- or lower-level writers to do... and not much attention is paid to them, especially those that are meant to be free bonuses.

In the days of direct-mail paper newsletters, we used to say that the critical element of a free special report was the “Thud Factor.” If it was thick and heavy (that is, if it made a nice ‘thud’ sound when plopped on a table)... it was okay. We thought customers didn’t read them anyway.

That mentality carried over to the Internet. But there, it is probably a big mistake to think that these special reports aren’t important.

When you do a special report, the first question to ask yourself: Why are you doing it? What’s it meant to do?

At a minimum, all reports have to deliver what has been promised. But remember, these reports are delivered via Internet now. There’s no satisfying “thud” when you get an Internet document. Just the opposite. A big file takes time to download. Customers resent it.

And then, what do they do with it? We don’t know. Some may read it online. Others may print it out. In either case, it’s our first major contact with the customer or potential customer. Just as any time you meet someone for the first time, you want to make a good impression. So it has to be good.

In fact, everything we write should be good. Because that’s what we are—a writing company... a publishing company... We can tolerate, say, office space that is mediocre or parking lots that aren’t the best in the world. But our writing should always be as good as we can make it.

We have to recognize that every contact with the reader is an opportunity to present ourselves... and to go on to the next stage of the relationship—a sale.

We’re always in competition for the reader’s attention. He’s got other things to do... other people

sending him email... other media trying to turn his head... girlfriends, employers, children, bill collectors. So whenever we get a little of his attention, we don't want to waste it. We need to impress him with our insights, bedazzle him with our information, and seduce him into making a fuller commitment.

In this sense, it doesn't seem to matter whether your report is a free bonus, an inducement to leave an address in a PPC campaign, or a report that the customer paid \$1,000 for. In each case, he has to get what he feels he has coming... but the essential work is the same:

1. The report must be intellectually and editorially competent. A knowledgeable person should not find errors, either in the reasoning or the presentation.
2. The report must have a Unique Selling Proposition. Whether the reader paid for the report with his money or with his time... he has an investment in it. We can't let him down. We have to give him ideas—daring, audacious ideas—and recommendations that he won't get elsewhere. Every report needs to reveal something he didn't already know or couldn't readily get from other sources.
3. It must also encourage him to continue the relationship with us. "No dead ends" is a fundamental rule of Internet marketing. We're always selling... but our selling works best when it is natural... seamless... unobtrusive. Once our special report has proven that we really know what we're talking about, the reader should be offered an opportunity to get more on the same subject... or similar quality material on a different subject. Once our special report has proven that we really know what we're talking about.

—Bill Bonner

THE SEVEN READY-PHASE TASKS

The Ready, Fire, Aim concept is about velocity, about the profound benefits of putting an idea into action at the fastest possible speed. But Ready, Fire, Aim doesn't mean reckless abandon. It doesn't mean bolting into action before you are ready. It's Ready, Fire, Aim, not Fire at Will.

It's bringing the gun to your shoulder and pointing, not shooting from the hip.

Ready, Fire, Aim can and should be applied to almost every aspect of your business, including the generation of both front-end and back-end products.

Speeding up production will allow you to sell more products, and selling more products will definitely boost revenues. The challenge is making sure those revenues are profitable. You can do that by taking just a little bit of time during the Ready phase to answer the following seven essential questions:

1. Do you have a good idea?
2. Does it feel like it will work?
3. Are your sales targets realistic?
4. Can you afford to test the idea?
5. Do you know the tasks you need to do?
6. Do you have the people who can do them?
7. Do you have a Plan B?

1. Do you have a good idea?

It's unlikely that you would launch a product you didn't believe in. But beliefs are sometimes mistaken. Product development is a costly endeavor. There are capital requirements and time commitments—usually from your best people.

You will never know how good your product idea is until you test it in the market. But in the beginning—when you are brainstorming the idea—it pays to ask this question.

Start by defining what good means to you. How is the product good? Good in the sense that it is better than some other product? Good in the sense that you believe the market needs it? These are common motivations for new product development, but they are not sufficient for your business objective.

Your objective is to grow your business by selling lots of products. But each and every one must be sold in

certain minimum quantities. Unless your product can do that, it can't be said to be good.

I can't tell you how many times, in the beginning of my career, I was involved in the launch of products that had no chance whatsoever of being profitable. My standard of goodness then was imprecise and personal, as in "Wouldn't it be cool if...?" If I had a thousand dollars now for every \$10,000 we stupidly invested in products that had no chance of being profitable, I could buy you a Bentley. Maybe two.

Because entrepreneurs are driven by emotion, they often don't have the patience to question—even for a minute—their business impulses. To make matters worse, they are usually strong-minded and persuasive, which means even very smart people around them will sometimes go along with an idea even when they don't like it.

It helps to quantify good. So before you launch a product, talk to your core marketing team about a sales target. Explain your thoughts. Ask for input. Based on that conversation, set the target. Then make the target clear to everyone who is working for you, directly or indirectly, and get them committed.

Frame the discussion in terms of good, as in "I want to make this a really good product." You know that "really good" means that it will sell really well, but you don't want to overemphasize the target sales number. Make that number a visible target by posting it where everyone can see it. But when you talk about it, use the word good.

If someone, for example, doubts the target you establish, say, "Okay, John, if you don't think the product as we imagine it is good enough to sell 10,000 copies, how can we improve it? How can we make it good enough to reach our target?"

Speaking in terms of quality is productive because it focuses everyone's thinking on the customer. And that's where the thinking should always be. If this product is as good as you think it is, the marketplace should love it. It should be easy to sell, because it is so damned good. And once people start buying it and using it, word-of-mouth sales will surge.

That's the attitude you should have about any product you're about to bring to market.

One of my former protégés, Katie Yeakle, embodies this attitude in everything she does. When I asked her what she learned about product development while growing her business—American Writers & Artists Inc. (AWAI)—from zero to more than \$10 million in 10 years, she didn't hesitate:

The most important thing, by far, is starting with a good product, a product that provides a big benefit. The benefit has to be so big, in fact, that it's easy to communicate. The moment your customer hears about it, he has to be able to see himself benefiting from it. That's a good product, one that offers that kind of huge, instant appeal.

2. Does it feel like it will work?

Given a choice between (a) methodically analyzing whether a business idea is good enough to be successful in the marketplace and (b) relying on the intuition of an experienced person, I'd opt for intuition.

Intuition is more reliable at anticipating future events than formal analysis is, because it incorporates years and years of information collected through careful observation, much of which can no longer be consciously remembered but still informs the decision-making process.

Let me illustrate that with a true story about a vitamin company that wanted to spur growth by breaking into a new segment of the market. They brainstormed and brainstormed and finally came up with a “great” idea.

“Let’s produce and sell vitamins tailored to people in different professions,” they said, “such as vitamins for firefighters, vitamins for secretaries, and so on. After all,” they reasoned, “jobs differ in terms of physical demands and stress. So wouldn’t it make sense to design different lines of vitamins that could be tailored to those different jobs?”

The marketing idea was logical, and the marketing plan—targeting large groups of professionals—would be easy to execute.

There was one problem: The businessman who had been mentoring them since the beginning had a bad feeling about it. When they brought the idea to him, he said, “I know how excited you are about this project, so I hate to say this. But I’ve tried this type of thing before, and it has never worked. My gut tells me this won’t either.”

“But we have numbers to show you,” they said. And they did—all sorts of charts and graphs and reports from consultants who believed, as they did, that the idea was a good one.

It was about 40 against one—overwhelming odds, by any standard—except that the mentor’s intuition was based on experience, and the research and calculations of the consultants was not.

So they compromised: They would test the idea but limit the losses (if it didn’t work) to a quarter of a million dollars.

They dropped the project when it hit that number. Final losses were about \$350,000.

Experience-based intuition is fractal, not linear—and fractal thinking can interpret many more factors than you can possibly calculate on a spreadsheet. A checklist for evaluating the feasibility of a new product idea might include 10, 20, or even 100 questions. But the gut instinct of a veteran marketer is based on thousands or even tens of thousands of experiences.

You probably already have more of a feel for what a “good” product idea is than you realize. Don’t ignore it. But pay more attention to the advice of those who have much more experience bringing new products to market.

3. Are your sales targets realistic?

Your product idea is good. It provides a big and easily expressed benefit to your reader. It feels right, too. And when you compare this product to other products of its kind, you get excited. You have stopped to think about how well it will sell, and you’ve set specific sales targets. Now you have to ask:

Are these targets realistic?

If you have done everything I've advised you to do so far, the answer will almost certainly be yes. But because results in business seldom are quite as good as expectations, you should spend a little time doing some quick "What if I'm wrong?" calculations:

1. How much will it cost to make the idea come to life? Take that number and double it.
2. How much cash will it bring in? Cut that number in half.

If the net result of doubling your anticipated costs and halving your expected returns still looks like you've got a profitable venture, go ahead with it. If it looks marginal or negative, drop it and move on to the next new idea.

This simple bit arithmetic is not definitive, but it will probably be very close to accurate—and you can do it in five or 10 minutes and feel comfortable with the results.

4. Can you afford to test the idea?

Like scientific hypotheses, business ideas can be tested in controlled environments before they are put into action. When ideas are important or costly to implement, it makes sense to do that if you can.

Testing ideas is standard operating procedure for direct marketers, which is one of the reasons I believe that almost every business should have a direct-marketing component. With direct marketing, you can test your idea relatively cheaply by selling it to a sample group and then, if it works, roll out with it to a wider market.

Let's say you are in the pet food business and your new product idea is kosher dog food. The market, presumably, would be the millions of pet owners out there who eat kosher food themselves. Instead of spending a huge amount of money launching your kosher vittles to the market en masse, you identify a hundred or a thousand of your existing customers who eat kosher food and you mail a targeted sales promotion to them.

Your eventual plan might be to sell your kosher pet food with space ads in large-circulation magazines. Nevertheless, the targeted mailing you do to this small test group will give you a very good indication of how successful your product will be with the general market.

Target marketing usually gets a much higher response rate than general advertising. So if it doesn't work on a targeted basis—to a small group of your own customers who are already predisposed to buy kosher food—you can safely assume it won't work on a larger scale.

5. Do you know the tasks you need to do?

Before you put your idea into action, it pays to create a short list of the primary tasks that need to be completed.

Such a list needn't be elaborately detailed, and it shouldn't take more than a few hours to create. But it could prove very useful in identifying obstacles, estimating costs, and—most important—determining the team you will eventually put in charge of the product.

A task list for a test mailing to promote your kosher pet food might look like this:

TABLE 12.1 Sample Task List for a Test Mailing

Task	Doer	Comment
Identify customers who eat/buy kosher food	Marketing department	Done to collect data necessary for test mailing
Design and write promotion	Copywriters	Copy must appeal to this group
Mail test promotions to these customers	Circulation department	To test the salability of kosher pet food
Analyze results	Marketing department	To determine if test was successful enough to launch to general market

6. Do you have the people who can do them?

Start by choosing a primary champion for the main idea—a person who has the personality to get the idea actualized. A champion must (1) believe in the idea, (2) have the authority to execute it, and (3) have the experience to make wise decisions along the way. If you have no champion and no time to champion the idea yourself, it may be better to postpone implementing it.

In addition to a primary champion, a good idea needs other talented people to play key roles. So ask yourself:

- Who can produce the product?
- Who can test it in the marketplace?
- Who can be in charge of fulfillment and operations?

At this early point in time, it's not necessary to have a full roster of support people. But you should at least know who your champion will be and have some idea about who will be your supplier or producer, marketer or seller, and fulfillment or operations person.

7. Do you have a Plan B?

Sometimes (not often, but sometimes) everything is there. The idea is good, it feels right, it tests well, and it has good people behind it—yet the product falls on its face when you roll it out. Rather than being blindsided by such an unlikely event, plan for it in advance.

By having a Plan B—a “What if it fails?” plan—you will be prepared with a smart exit strategy.

For much of my career, I was a pedal-to-the-metal product developer who never thought in terms of failure. I thought that was a good thing. I'd get an idea, talk it over with someone smart, and then, if it still seemed like a good idea, have it put into action as soon as humanly possible. From go-ahead day to the day the test results were in, my approach was full speed ahead.

Often this fire-without-getting-ready approach worked. But often it didn't. Sometimes, those failures resulted in significant fulfillment obligations without a business to support them—and it was stressful to have to solve

such problems on the spot.

Eventually, I learned to come up with Plan B before an idea was put into action.

Like other aspects of "getting ready," developing a good Plan B doesn't need to take a lot of time.

Details can be easily worked out later if you know what your exit strategy is before you start.

The key to making a Plan B is to set stop-loss points at the outset—measurable points that determine, ahead of time, whether you will continue to invest resources in the idea or drop it.

Don't make the mistake of thinking that failure won't ever happen to you.

I can tell you stories about great projects that failed: a seemingly brilliant idea for a new record club that cost one of my clients \$125,000... a "can't-miss" celebrity health newsletter that lost \$780,000 before we gave up on it... and a magazine that was going to make millions that cost us millions instead.

I remember reading that when Ted Turner was planning CNN, he found that he had done such a good job promoting the idea that his partners and top executives weren't willing to even entertain the idea that it might not work. Since he knew full well the value of being prepared, he kept asking the question "What if it fails?" until his associates gave in and put together a fallback plan.

CNN started off terrifically. And when the company hit financial problems seven years later, they already had a solution. In this case, it was to sell a portion of the business to cable operators. Turner's early insistence on a Plan B allowed the crisis to be overcome without anyone breaking a sweat.

—Mark Morgan Ford

RECOMMENDED READING FOR BOOK THREE

- *2,239 Tested Secrets for Direct Marketing Success* by Denny Hatch and Don Jackson
- *40 Tips for Successful Off-the-Page Advertising Campaigns* by Denny Hatch
- *Action! Nothing Happens Until Something Moves* by Robert Ringer
- *Become a Recognized Authority in Your Field—in 60 Days or Less* by Bob Bly
- *Breakthrough Advertising* by Eugene M. Schwartz
- *Changing the Channel: 12 Easy Ways to Make Millions for Your Business* by Mark Morgan Ford (Michael Masterson) and MaryEllen Tribby
- *How to Create Irresistible Offers* by Bob Bly
- *How to Make Your Advertising Make Money* by John Caples
- *Ogilvy on Advertising* by David Ogilvy
- *Selling the Invisible: A Field Guide to Modern Marketing* by Harry Beckwith
- *Tested Advertising Methods* by John Caples



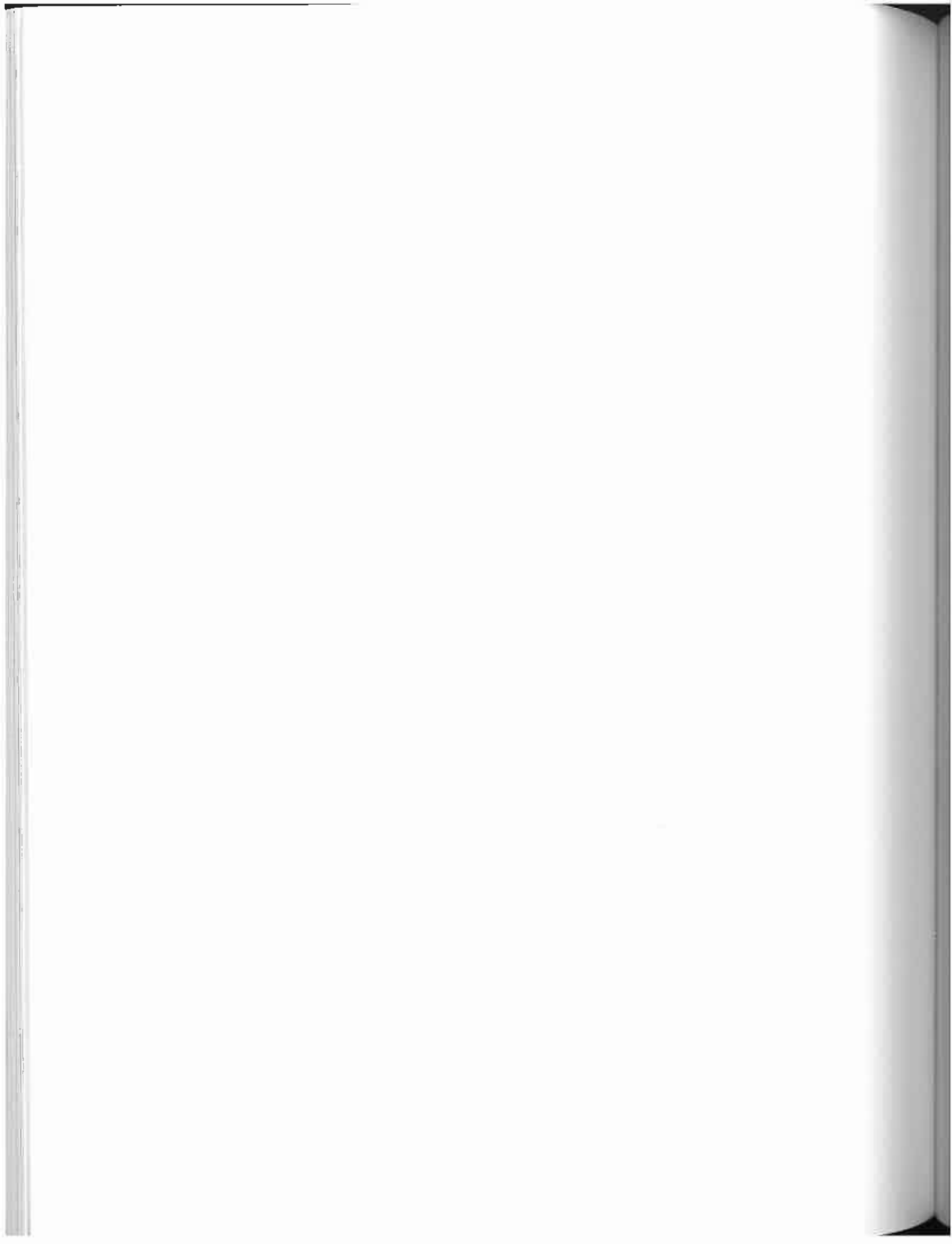
BOOK FOUR

**THE AGORA PUBLISHER'S
MANAGEMENT MANUAL**



CHAPTER I

READY, FIRE, AIM



— Snapshot in Time —

Wednesday, June 16, 1999

Radical Measures

Listen up, cupcake.

This message may be the most important one you read this week.

There are problems in financial newsletter publishing. Response and renewal rates seem to be falling. The Internet is posing genuine competition.

This could mean the end of financial newsletter publishing as we have known it. And I don't believe we can meet this challenge by continuing to operate in the business-as-usual mode. We need to do the extraordinary.

So I'm proposing to do the extraordinary. And I'm asking you to join me in this extraordinary effort. We'll assemble a team. It doesn't have to be a big team... but it has to be extremely energetic and focused.

We have an immense amount of work to do. It can't be done in the normal course of business. I have never tried to explain this, but I'm sure that there are things that cannot be done at a normal pace. You need a certain quantum of energy and momentum. And you can't get it without extraordinary effort.

We don't need everyone to sign on for this... but we do need a few. These few will form a kind of white-hot core of energy that will power the whole thing forward.

I intend to spend the summer working almost exclusively on this project. I expect to be in the office at 8 a.m. and stay as late as possible... Monday through Friday. And I'd like some company.

Even then, it may not work. But at least we will have given it a fair shot. We won't try to solve all the problems we face... but, with luck, we'll get the energy flowing that we need to solve them... one by one.

Here are just a few of the things we need to accomplish right away.

1. We need to revisit a few editorial deals... and maybe a new way of managing product.
2. We need major new direct-mail packages for our main products.
3. We need to get the editorial quality of several letters up to where it is supposed to go.
4. We need to build a website product that rivals our competitors' and represents our point of view.
5. We need to find a way to integrate our paper products into a Web-based presence and sales mechanism.

I am going to begin attacking these issues... and others that come up... now.

But I want to know who's going to be a part of this central team.

What do you think? Are you in or out? If you're in... I'll expect a lot from you in the weeks ahead. If not... well, let me know.

A lot of scars await us. But so may a lot of rewards.

—*Bill Bonner*

THE TIME TO START READY, FIRE, AIM IS NOW

I spend a good deal of my time mentoring people. Over the years, I've developed a pretty good sense of whether those I coach will succeed. One thing I look for—probably the most important thing—is their timeframe.

I know from experience that everyone who puts off change fails to make it. When I hear someone say "I'm going to start after Christmas" or "next month" or "on Tuesday," I think, "Like hell you are."

For when it comes to change, the sure sign of failure is procrastination. Even setting a starting date of tomorrow is a bad sign. People who really, truly want to create a real and permanent change in their lives want to start now. That's how I feel every time I get on a new project, start a new business, or kick off a new exercise program.

I know I've become tired with the status quo. I've figured out a way to make things better. That newness excites me. Why should I put it off? When I catch myself saying that I'll begin at some later point in time, I know I'm in trouble.

Think about your own experience. Think about how many times you've decided to change before. How many of those times did you put off starting until some convenient point in the future? And when you did, how many times did you fail? To make a difference in your life or work, you must be ready to begin changing now. Right now.

You will find this principle embedded in Agora's culture.

Agora saw business grow dramatically when employees were first encouraged to come up with their own new ideas and to implement them as quickly as possible.

In five years' time, the business boomed, with revenues skyrocketing from \$100 million to \$300 million. "Most of this growth," as Bill says, "came from ideas that our employees thought of."

The company encourages innovation and speed by preaching two sermons repeatedly. The first one is accelerated failure. The second one is Ready, Fire, Aim.

The Principle of Accelerated Failure

Bill explains accelerated failure this way:

We must remain humble enough to realize that many, if not most, of our good ideas will be rejected by our

customers. It certainly helps to have good gut instincts and some market data handy when it comes time to launch a new product... but in the end, it's our customers that make the final decisions.

Because we are fallible, we must accept failure as part of our process.

By accelerating our failures, we can also accelerate our successes.

It's not enough simply to accelerate failure. If that's all the company did, accelerated failure would be a principle for failure, not success. The idea is to become more efficient over time by learning from mistakes and thus gradually increasing your ratio of successes over failures.

To ensure that employees learn from their mistakes, the company publicizes them. Executives are encouraged to talk freely at meetings and at seminars about failed attempts. Marketing failures are available for study, along with details of successful promotions.

Before a new product or promotion is launched, the originator can compare the idea to everything similar that's been done before. Keeping that knowledge fresh in everyone's mind makes it less likely that foolish mistakes will be made in the future.

Another component of making this principle work is an attitude that says it's okay to fail. So long as the company's innovators take advantage of the knowledge that has been so expensively acquired, they are never criticized for failure. That message—that it's okay to fail—is understood companywide.

One publisher takes this pro-failure attitude one step further by actually giving rewards to product managers who quickly kill products or promotions that aren't working.

The Strategy of Ready, Fire, Aim

Ready, Fire, Aim means what it says. When you have an idea that has the potential to grow your business, test it as soon as it is ready. Don't fiddle with it, trying to get it perfect. You can make adjustments later, after you know the idea is working.

This strategy is fundamental to the growth Agora has experienced over the years.

Around 2000, there was a lot of discussion about the Internet and how important it would be in the future. Most thought it was significant, but many believed it would never be more than a secondary source of additional revenue.

Another topic of debate was about what road to take. Some wanted to build big websites and bring in new subscribers through search engine optimization, viral marketing, and other "pull" marketing methods. Others wanted to stick to what the company knew best—"push" marketing—by going out to the Internet market with paid advertisements for low-priced products in order to create a list of subscribers and then sell those subscribers higher-priced, back-end products via email.

Agora could have spent years and millions of dollars investigating, planning, and preparing for this change. In fact, many of the company's competitors did just that. But because Bill believed in Ready, Fire, Aim and

accelerated failure, he encouraged each group head to take whatever path he wanted—push or pull—and to individualize the effort in some unique way.

This was so that, by the end of a year or two of such experimentation, the company would be able to have failed a good deal and, hopefully, succeeded as well.

"Do whatever you think makes the most sense," Bill told senior executives. "But do it quickly."

Not every group head listened to his advice. One decided to "wait and see" the results. "We'll see how the others do before we spend our time and money on this," he said. "We'll learn from their mistakes."

For two years, the company's marketers and product managers were extremely busy trying to keep the old direct-mail-based business going while building a new business based on different ideas about how the Internet should work for them.

So many people were doing different things at such speed that it became impossible for operations and accounting to keep up with it all.

Problems cropped up, and those problems were discussed openly at company meetings and through email. Senior management tried to interpret marketing data when it seemed contradictory and to communicate lessons learned when they seemed definitive.

By about the end of 2002, one of the company's online publications was working well—growing quickly and showing very good profits. Some of the other groups' online efforts were working too, but none was showing as much growth as this one.

Almost immediately, three of the other group heads changed their programs to reflect its success. Inside of 30 months, Agora had gone from knowing nothing about Internet marketing to having a working model that was growing at the rate of 30-50% per year.

Meanwhile, the one group that didn't want to risk failure with a Ready, Fire, Aim plunge into the Internet was experiencing a significant downtrend in sales. Partly due to the growth of Internet publishing, the response they were getting to their direct-mail promotions was dwindling and their profits--battered by escalating printing and postage costs--were quickly diminishing.

By the time the wait-and-see publisher finally decided it was time to get into the Internet, his business was losing money and the competition was already miles ahead.

The Ready, Fire, Aim Methodology

Spend the greatest part of your time, money, and corporate resources getting the idea ready for testing.

All other things that you might want to do to perfect the concept (which tend to be costly and disruptive because they will involve changes and affect many aspects of your operation) should be done, to the greatest extent possible, later on--if and when the idea has proven itself to be viable.

The goal is twofold: to increase the speed at which new ideas are tested, and to decrease the total cost of each one. Ready, Fire, Aim is a way of testing more innovations, good or bad, in order to increase the number of good ones that get implemented.

In theory, Ready, Fire, Aim comes with a cost: the additional expenses involved in fixing later what could have been fixed at the beginning. The expression "A stitch in time saves nine" comes to mind.

But, in fact, Ready, Fire, Aim saves money—and for a very good reason.

Let me explain.

The Economic Efficiency of Ready, Fire, Aim

Let's say you're in the soft drink business and you have an idea about producing a new version of an existing product—a colorless version of your bestselling cola. In discussing the idea at a brainstorming session, you realize that making the product work involves two separate uncertainties:

1. Will the market like the taste of the new product?
2. Will the market be willing to drink a colorless cola?

To answer both questions with certainty, you would have to develop a great tasting, colorless cola before you do anything else. That would probably take you several years and cost you hundreds of thousands (or millions) of dollars.

But if you break the innovation down into its two separate components and test each one separately, you can speed up the testing process.

The obvious strategy would be to test the colorless idea first by trying to sell it to a small group of prospects as soon as you possibly could. As long as the test was conducted scientifically, you would find out whether the core idea—the colorless concept—could work. If it didn't work, you could avoid the time and expense of developing the right flavor.

If it worked, you would do the next quickest thing, which would be to track consumer reaction to a colorless cola that tasted exactly the same as your bestselling product.

I don't know whether this was the strategy implemented by 7-Up when Charles Griggs's Howdy Corporation introduced it in 1929. But if I had been Howdy's marketing director at that time, it is the kind of Ready, Fire, Aim approach I would have taken.

Ready, Fire, Aim as a Management Tool

Although it is primarily a method of accelerating good product ideas, Ready, Fire, Aim can also be applied to operations.

Let's say you have an idea about improving customer service. You read somewhere that when people are given something for free, they feel a moral obligation to reciprocate. If your subscribers feel that way, you reason,

they will buy more products from you in the future. So your idea is to send your new subscribers little gifts in the mail to thank them for their patronage.

You could begin by hiring consultants and doing market research. You could spend months and lots of money on a feasibility study that would tell you what the theoreticians have said about this idea in the past.

Or... you could select a group of 200 new subscribers, send them the gifts, and track their buying habits over a six-month period (being sure to sell them reasonably aggressively during that time).

At the end of the six months, the effectiveness of your idea would have been pretty accurately tested. You would have accomplished your management goal (seeing if the gifts affected subscriber buying habits) in a fraction of the time it would have taken you otherwise, and also at a fraction of the cost.

The Ready, Fire, Aim culture at Agora shortens the time it takes to do just about everything. It reduces the cost of failure, increases the likelihood of success, and diminishes the damaging impact that time has on all good ideas.

—Mark Morgan Ford

— Snapshot in Time —

Friday, May 16, 2008

Ready, Fire, Aim Should Sell for \$20,000

I was sitting at La Rotonde, a famous café on the Boulevard Montparnasse. With me was a young man who has created a business very similar in many ways to our own. Fat Prophets, it's called. It was started in Australia and has an office in London too.

The young man, I think his name was Eric, explained that they had about 25 employees... and he was wondering how to motivate them.

"I'm just not very good at it," said he.

Poor guy. He's wasting his time and energy worrying about something he doesn't need to worry about.

"Just focus on running a good business," I told him. "If you're motivated... and focusing everyone's attention on business objectives—as you should be—morale and motivation will take care of itself."

"You know, you really ought to read Mark Ford's book, *Ready, Fire, Aim*," I continued. "It tells you about all the challenges we faced... and all the mistakes we made... and all the lessons we learned. Or at least we think we learned them. You're in the same business, more or less. You're going to find the same challenges. You're going to make the same mistakes. You're going to learn the same lessons. Save yourself some trouble. Get out now... while you still have your youth and enthusiasm."

Eric looked at me. He didn't know what to think.

"I'm just joking," I said. "But that book will probably be more valuable for you than for just about anyone in the whole world. And it only costs you \$29.95. Really, I should do you a big favor and charge you \$20,000 for the book. Then, you'd read every word more carefully... and save yourself hundreds of thousands of dollars... and years of barking up the wrong tree."

In the book, Mark describes the stages of business development. Like a person, a business has to go through infancy, then the painful teenage years... young adulthood... to maturity... and finally end up in a wheelchair, unshaven, with bits of food on its shirt.

Eric's business is clearly in the adolescent stage of development... growing too fast for its clothes, wasting a lot of time on things that don't really matter, leaving its room a mess—but full of energy and hope for the future.

Many of our groups worldwide are in this stage too. But whatever stage you're in... read Mark's excellent book. It can help you get to the next stage.

—Bill Bonner

Ready, Fire, Aim in Action... on the Firing Range

A friend of mine, a successful builder and entrepreneur, told me that when he recently took up skeet shooting as a hobby, he was surprised to discover that "ready, fire, aim"—not "ready, aim, fire"—is the new method of teaching this skill. People who learn this new method are becoming better shooters more quickly.

"The way they used to teach you was to ready the gun and then aim it a little ahead of the object so you could hit it on the run," he explained. "But now they teach you to take the rifle, ready it against your shoulder, and then bring it up to your eye and shoot. They don't want you to aim. They found that aiming actually decreases accuracy, because the brain is already programmed to make the adjustment for movement. And by trying to aim, you are trying to manually replicate what the brain does automatically."

Bob Knopf, an instructor with the National Wing and Clay Shooting School, advises students to focus on the target and not the gun barrel or bead. "Point, don't aim," he says. "Aiming slows your swing and causes you to shoot behind."

I asked Jason, my research assistant, to see if there is any good supporting science behind this notion. Here's what he learned:

If the "no aim" approach to skeet shooting seems counterintuitive, it might be easier to understand if you look at some other activities you do every day that require speed and accuracy but don't require much concentration.

You can pour liquid into a glass without consciously "aiming." You can change channels on your TV remote without "aiming" your finger.

You can do these things because human beings have a sense of "proprioception," which involves the flow of information between sensory organs—such as the eyes, inner ears, and skin—and the brain.

You are not conscious of it, but your mind, since the day you were born, has been storing all the complex coordinations made between your mind and body that allow you to interact with the world around you. Without this sense, you couldn't write, hold things, walk... do anything.

Catching a ball, riding a bike, or shooting a rifle might take more practice to get right—but it still has everything to do with establishing and strengthening the appropriate connections between the brain, the body, and the eyes.

—Mark Morgan Ford

EIGHT READY, FIRE, AIM GUIDELINES

Ready, Fire, Aim shortens the time it takes you to do just about everything. It reduces the cost of failure, increases the likelihood of success, and diminishes the damaging impact that time has on all good ideas.

But, as with anything new, if you try to introduce Ready, Fire, Aim to your team without preparing them, you are likely to meet a good deal of resistance. Here are eight guidelines to help you keep that from happening:

1. Explain the Key Concept

Sit down with your core team and tell them why you want to implement Ready, Fire, Aim in your business. Explain the relationship between innovation, speed, and growth. Explain the relationship between Ready, Fire, Aim and accelerated failure. Make them understand why speed is necessary. Then explain to each one, individually, how it will benefit him personally. Get everyone emotionally involved in making it work.

2. Support Management

Some parts of your business will take longer to accelerate than others. Data management is probably one of the most problematic. Assure your key employees that you mean to maintain the highest possible level of efficiency in all operational areas, and that you will support everyone on the management side of growth by giving them what they need to accommodate change.

3. Walk the Walk

In implementing any major change, your key employees will follow your actions, not your words. Preaching the principles of accelerated failure and Ready, Fire, Aim will do you no good if you are yelling at people for making mistakes. Lead them by obeying Dale Carnegie's three commandments: Don't criticize. Don't condemn. And don't complain.

4. Establish Parameters

Your employees need to know how fast you want them to go. Saying "faster" doesn't help. Break the idea-to-production cycle down into its component parts and establish for each of those parts timelines that, taken together, will give you the speed you are looking for.

5. Get Agreement

Timelines will work as long as your key executives support them. Make sure they do by getting them to tell you they do, in person, in a group meeting.

6. Accelerate Gradually

In its first stage of growth, your business is a Celica, not a Ferrari. You can't go to Stage Two—from cruising at 55 to a speed of 155—in just a few weeks. If your ultimate goal is to produce 50 new products per year and you have so far produced only one in three years, make 50 a three-to-five-year target.

7. Provide Support as You Go

As your business grows, the problems will mount. It is extremely important that you keep up with those problems by honoring the promise you made to management. Be liberal about hiring new employees but strict about firing weak ones. When your information technology people want to lease new equipment, be open to the idea, but remind them that the company's growth is only beginning.

8. Follow the Program

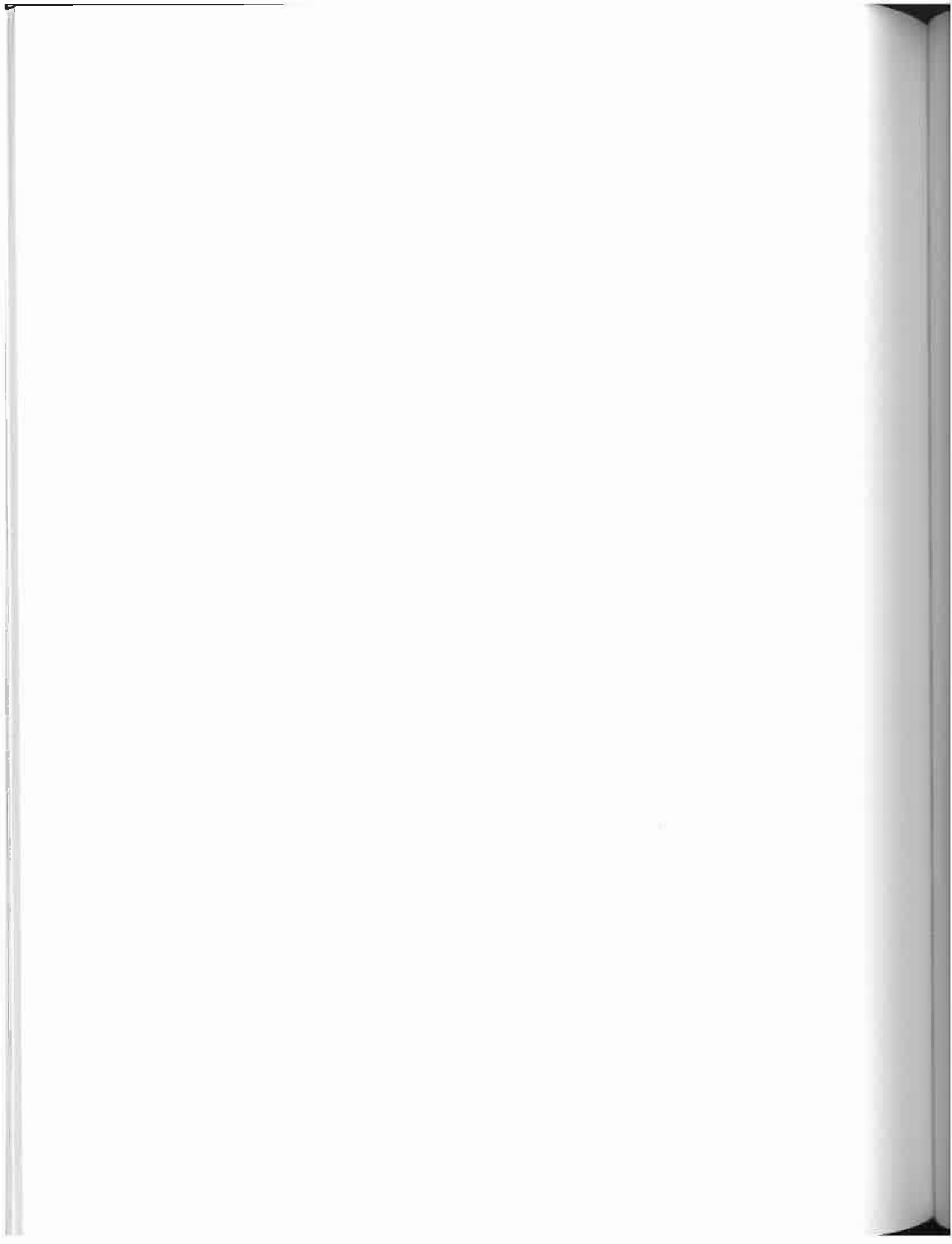
The methodology is Ready, Fire, Aim. That means readying the gun before you shoot it. It is important to think beforehand about how to get your new product ideas ready quickly. And, after firing, about refining—aiming—those ideas.

—Mark Morgan Ford

1871

CHAPTER II

ENCOURAGING ENTREPRENEURIAL PRODUCTIVITY



FOUR BUSINESS-BUILDING IDEAS

1. The ONE Thing Your Business Must Have to Get Traffic and Sales

A great offer may be the magical "ONE thing" that separates a successful Web business from one that struggles.

As Dan Kennedy said, "A great offer will allow you to 'pry' money out of the hands of people who do not spend money very often." If you can make your offer as appealing as "water to a thirsty man in the desert," you will have little trouble getting traffic or sales.

However, creating a great offer is difficult. It's not something many people put a lot of time into. Nor something you can create on a first attempt. You probably need to spend a lot more time working on your offer to make it irresistible.

The first and most important objective for the leader of a start-up business is to find an optimal selling strategy. The optimal selling strategy includes the best medium, the best offer, and the best sales copy.

2. Leadership = Vision and Decisions

A friend of mine recently mentioned to me that he couldn't understand why his employees and colleagues looked to him as leader. But I could see the reasons.

First, he has a long-term vision. Not only for the businesses he runs but also for his life. He has a strong personal philosophy and is clear on his goals. A leader needs a long-term vision. A long-term vision is why people listened to Steve Jobs.

Second, my friend makes tough decisions quickly and fairly. If you aspire to leadership, think long-term to inspire and keep hopes up during struggles. And be prepared to make decisions for others. People look to leaders to have decisions made for them. As Martin Luther King, Jr. said, "A genuine leader is not a searcher for consensus but a molder of consensus."

3. Other Companies Accept High Refunds, Not Ours

Recently, Matt Smith and I spent time with over a dozen business owners who sell products on the Internet. We were shocked to discover that some were satisfied with a refund rate of 35%. That level of customer dissatisfaction is not at all acceptable to us.

Matt and I both come from businesses where a refund rate of 7% is almost too high. My fitness business has consistently worked to lower our refund rate to 5% or less.

Even then, most refunds are either due to technical issues or honest assessments that our program is "too hard" for some. I can accept that. But anything above 10% would make my stomach turn.

Matt and I believe that if we provide 10-100 times the value with our new products, it will keep our refunds below 10%. Preferably below 7%.

Of course, refund rates are relative to pricing and product types. In terms of pricing, higher-priced products almost always have higher refund rates. In terms of types, investment education almost always has lower refund rates than investment advice.

4. Build Ecosystems, Not Just Products

I recently read an article about one of the many factors determining Apple's success in the tablet computer market.

The author chalked up Apple's dominance to the fact that it has built an ecosystem around the product. The ecosystem includes the hundreds of thousands of apps that have been developed for the iPhone and iPad, as well as the iTunes store itself.

This has created a "pain of disconnect" that would be felt if a customer decided to stop using an Apple product. He would not be able to transfer his apps and content to a new device.

Amazon works much the same way. But Amazon comes at the market with a different bent, by, as Jeff Bezos says, "building premium products and offering them at non-premium prices."

Apple's profit margin is a healthy 20-25%, while Amazon's is a razor thin 4%.

As we watch these two companies battle it out, it will be interesting to see if these numbers change. But for now, the lesson is to build an ecosystem, not just a set of products.

Here are two examples of how you might do that:

1. Create a membership site where subscribers create a profile, earn points, and develop relationships. Members will think twice about losing all the effort they put into it if they cancel their subscription.
2. Design a rewards program for your products. The classic example: "Buy 9 sandwiches (or cups of coffee, or whatever) and get the 10th one free." Your subscribers will be similarly hesitant to give up the rewards they accumulate over time.

—Craig Ballantyne

THE FOUR STAGES OF BUSINESS GROWTH

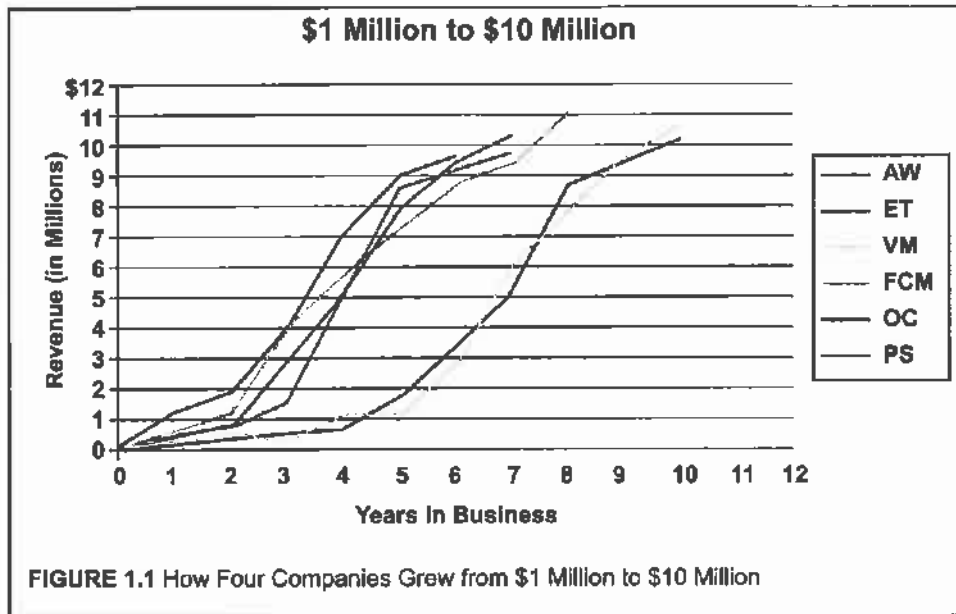
If you look at how businesses develop over time, you will see that there are basically four stages of growth.

1. *The first stage is the business's Infancy*—when it is taken from an idea to actively generating reasonable cash flow. At this stage, annual revenues are from zero to \$1 million.
2. *The second stage is the business's Childhood*—the fast-growth stage when it is taken from the \$1 million level, where there is usually little or no profit, to a level where it is making about \$1 million to \$2 million a year in profits. At this stage, annual revenues are \$1 million to \$10 million.
3. *The third stage is the business's Adolescence*—when it is taken over the \$10 million threshold (which is difficult for most entrepreneurs) to a solid business where profits can be in the \$2 million to \$5 million range. At this stage, annual revenues are from \$10 million to \$50 million.
4. *The fourth stage is the business's Adulthood*—when the business has annual revenues of \$50 million... \$100 million... \$200 million... and even \$300 million.

Below are the annual revenue and profit figures for six successful start-up businesses that I worked with. I had these figures compiled because I wanted to see how fast each business had grown every year and how long it had taken each one to reach certain revenue targets—\$1 million, \$5 million, \$10 million, and so on. I thought that would help me identify any common characteristics they all had. In fact, that's what happened.

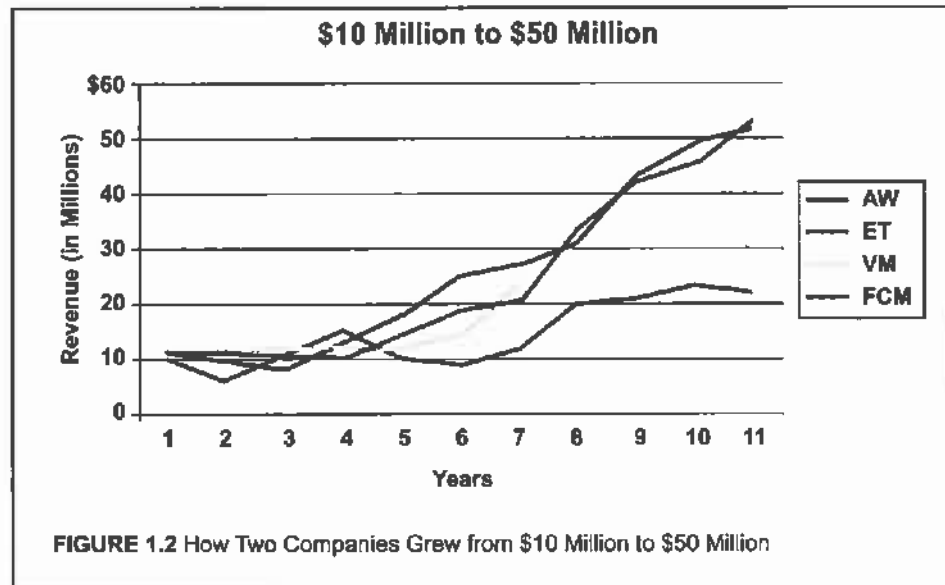
The time it took for them to get from zero to \$1 million in revenues was different for each business, ranging from one year to five, as shown in Figure 1.1. Yet once a business figured out how to sell its lead product profitably, getting to \$1 million in revenues was done within a single year.

The businesses that took three and four and five years to hit \$1 million all struggled with the same problem—making that first profitable sale. But the moment they figured it out (indicated by having reached the \$1 million revenue mark), they were up and running.



When a business hit the \$1 million revenue mark, it took, on average, only five years to hit the next level of \$10 million in sales. I could see that there were two factors that mattered most: speed and innovation.

There were four businesses in that group of six with revenues in excess of \$10 million, as shown in Figure 1.2. Each of them experienced a year or two when problems escalated and profits dipped. To repair those problems and bring the business back to profitability, they had to implement systems and procedures that arose because of the growth they had experienced.



Problems, Challenges, and Opportunities

At each of the four stages of business growth, you will face certain distinct problems, challenges, and opportunities. These problems, challenges, and opportunities depend less on what business you are in than on

the size of your business. And if you know what to expect at each stage of the game, it will be much easier to reach the next level.

Stage One: Infancy—zero to \$1 million in annual revenues

- **Main Problem:** You don't really know what you are doing.
- **Main Challenge:** Making the first profitable sale.
- **Main Opportunity:** Continuing to sell until you have achieved a minimum critical mass of customers.

Stage Two: Childhood—\$1 million to \$10 million in annual revenues

- **Main Problem:** The business is just breaking even or may be losing money.
- **Main Challenge:** Creating many additional, profitable products quickly.
- **Main Opportunity:** Increasing cash flow and becoming profitable.

Stage Three: Adolescence—\$10 million to \$50 million in annual revenues

- **Main Problem:** Operational systems are strained, and customers are noticing.
- **Main Challenge:** Turning the chaos into order.
- **Main Opportunity:** Learning how to establish useful protocols and manage processes.

Stage Four: Adulthood—\$50 million to \$100 million and beyond in annual revenues

- **Main Problem:** Sales slow down and may even stall.
- **Main Challenge:** Becoming an entrepreneurial business again.
- **Main Opportunity:** Getting the business to run itself.

The Alternative Employee-Based Measure

Because entrepreneurs like to think about revenues when they think about growth, I defined the four stages of entrepreneurial growth accordingly: zero to \$1 million, \$1 million to \$10 million, \$10 million to \$50 million, and \$50 million to \$100 million and beyond.

But sometimes, revenue isn't the most important factor in business growth. In some businesses, the number of management-level employees you need may be a better indicator.

Let me explain...

In *The Tipping Point*, Malcolm Gladwell talks about how communication is affected by the size of any group of people. He presents scientific studies that suggest communication is at its most efficient when the group is small—no more than six or seven people. And he speculates that the quality of communication breaks down as the group gets larger.

In business, this means that you should have a maximum of seven people reporting to a higher-level executive. And if you use that as a guideline in organizing your business, you may very well find that your four stages of growth look something like this...

* Stage One: Infancy—It's just you and no more than 7 "first-tier" employees who report to you.

* Stage Two: Childhood—Your 7 “first-tier” employees have a total of 49 (7 x 7) “second-tier” employees who report to them.

* Stage Three: Adolescence—Your 49 “second-tier” employees have a total of 344 (7 x 49) “third-tier” employees who report to them.

* Stage Four: Adulthood—Your business goes from 344 “third-tier” employees to unlimited growth.

The problems, challenges, and opportunities of these four stages correspond to those I identified above for the four stages of revenue growth.

—*Mark Morgan Ford*

— Snapshot in Time —

2004

What Is Really Important for Publishers to Know

As publishers, you take charge of a big part of our business. We want you to succeed. So here are some thoughts designed to help you do it. Since I am trying to give you the best guidance I can, I will refrain from voicing mere opinions and try to give you only the advice in which I have a very high level of confidence.

1. You are to be a franchise publisher. Your job is to run the business... to keep it healthy... to grow it... and to make money. Your "boss" is Myles... and Myles's boss is yours truly. However, neither Myles nor I are going to tell you how to run the business. You have to figure that out yourself.
2. There are some constraints. Not many, but a few. Since they are few and they are important to us... we expect them to be honored in spirit as in letter. You must run your copy through the legal department for the legal test only. That is, we want to be sure that what is said passes some minimum legal standard. This is not a severe restraint. After a while, you'll be as good as the legal department in telling where the dangerous frontiers are.
3. Myles will work out a budget with you... which we expect you to respect... to the best of your ability.
4. We also expect you to respect both our customers and our partners, since they have relationships with other parts of the business as well as yours. In this regard, you must note that we are very serious about increasing the level of quality throughout the organization. Customers, partners, and employees... even people on the street... must feel they get consistent, thoughtful, and courteous service from Agora.
5. Since it would be unwieldy for me to try to review everything we send out, I ask instead that you make a personal commitment... to me... that you will try to understand and respect the Presbyterian standards that I am trying to achieve. I think you know these standards as well as I do. If you have any questions about it... please ask for my opinion and I will be happy to give it.
6. The franchise system requires that each franchise be elaborated in a unique way. And for this you will need a franchise visionary for each one. And you will need help with a great many different issues. If you are to build a really successful business, you are going to need input from people that you are not used to dealing with—me, Myles, Mark, Bob, and lots of other people. You should begin drawing them into your decision process. It will make more work for you at first. But it will greatly expand your resources... both personal and material. And, in the end, you will be letting other people help do your work for you.
7. We as a company have had some disagreements about what makes a newsletter succeed. Some

think the important thing is to provide what people appear to want—recommendations that go up. I believe that is not the route to success, but it is a great start. A newsletter product, or franchise for that matter, is a complex relationship between writers and readers. You will have to develop an instinct for it yourself. Just be careful not to come to a conclusion too soon... or to invest too little energy in trying to figure it out. Newsletters—like any form of human relationship—need *depth*.

8. We want the business to develop. But we don't believe we can build upon a weak foundation. And we think some of our products are weak. If you have products that are not good... either get rid of them or make them better. If you have products that are good but still don't seem capable of making money... get rid of them too. We waste too much time and too much expertise on projects of too little innate value. I would rather see a smaller, tighter, higher quality and higher profit margin business... than a larger, low-quality, low-profit one. Of course, what I'd really like is a business that is larger and more profitable too.
9. Don't worry about the morale of your people. If you lead them properly, their morale will be fine. Focus your attention on the work... the products and the customers. Don't give them time or opportunity to worry about themselves or each other. If anyone persists in having a morale problem—get rid of them.
10. Don't allow your people to badmouth other people in the business... our products... our partners... or our customers. Cynicism and bad faith are tempting... like shoplifting... but bad business.
11. Try not to take business matters personally. You have to work with all manner of personalities. Some you will like and find easy to work with. Others you will not. But you have to take them as they come and try your best to make the relationships work from a business point of view. Some of the least agreeable personalities often have the most to offer. I don't know why that is, but it seems to be true.

—Bill Bonner

FOUR ASPECTS OF ENTREPRENEURIAL SUCCESS

Every entrepreneurial business—regardless of what stage of growth it is in—needs four personalities at the helm:

1. A seller: someone to market the product
2. An improver: someone to improve the product
3. An organizer: someone to make sure things flow smoothly
4. A pusher: someone to get people to do what they are supposed to do

When you begin your business, you may have to handle all of these functions yourself. As your business grows, you will probably hire people to take on most of them. But at least during the first two stages of business growth (and probably longer), you should be in charge of one of them.

Which one should that be?

Most business experts would say that the most important role for the business leader is to be the organizer, to make sure that all parts of the business work well together.

I say it's to be the seller.

Certainly, this was the philosophy of Peter Drucker, one of America's greatest business experts. In *The Essential Drucker*, a compendium of his best ideas, he says that during the first two stages of business growth, priorities should be in this order:

1. Selling
2. Pushing (to make sales)
3. Improving (products and sales)
4. Organizing

This doesn't mean you have to do the marketing and selling by yourself. You don't have to write your own advertising copy or become your company's top salesperson. But you do have to understand how your business creates revenue, and you have to be able to step in and stimulate more sales when they are needed.

That is the ultimate strength of an entrepreneur: the ability to stimulate sales. There are many other important skills that can help your business succeed. (I would rank the ability to create great products very high on any list.) But there are none that will make as much difference as salesmanship.

—Mark Morgan Ford



CHAPTER III

FOSTERING VIGOROUS GROWTH



— Snapshot in Time —

Saturday, February 9, 2008

How the Basics Have Evolved

I had a meeting with a fellow who writes an old-fashioned financial newsletter, and it reminded me of the basics... and how the basics have evolved.

The idea of a newsletter is that it is a letter of ideas, information, and opinion from someONE to someone else. It is personal. Direct. Intimate, not mass market.

Well, David Fuller's been writing a financial letter for probably 25 years. He has one assistant/co-editor. The two of them get on the phone at 6 a.m. They discuss what has happened in the markets overnight... and then they decide what they will be writing about.

Each writes what he wants... but the phone conversation makes sure that they don't repeat one another... and that their ideas are tested and challenged before they are written up. They then write the newsletter—which goes out electronically—and at the end of the day, they record an audio wrap-up.

"It just takes a few minutes," he told me, "and it is actually fun to do. We tell our readers what we think of the day's trading results... how events connect to our ideas... and what we'll be looking at for the morrow. Subscribers love it."

How many of our financial services do that? How many writers discuss their ideas with a colleague daily? How many write daily updates? How many provide a daily audio wrap-up?

If you're not doing these things, you're probably not realizing the potential of the newsletter. Too many of our newsletters are produced by committees... not updated daily... with no single voice and no daily wrap-up.

It's an easy thing to fix: Find a good editor... make sure he does the work.

—Bill Bonner

— Snapshot in Time —

Thursday, September 20, 2001

Improve Conversion Rates With Better Editorial, Service, and Offers by Mark Morgan Ford

Improving our conversion rates—the rate at which new subscribers buy a second year's worth of service—is one of our three primary business objectives. Why is that so important?

There are two very good reasons.

First, it makes a big difference in our bottom line. Say, for example, that we have 500,000 first-term subscribers in total. And let's say that our current average conversion rate is 20%. If the average price for a subscription to our products were \$70, the income we'd expect from converted subscribers would be \$7 million (500,000 times 20% equals 100,000 times \$70 equals \$7 million).

By increasing our conversion rate to 25%, our conversion income would rise to \$8.75 million. Being that most of our costs for producing a newsletter (marketing and editorial) are fixed, most of that extra \$1.75 million would drop to the bottom line. That means each single-point increase (or decrease) affects our bottom line by about \$200,000. That's a significant sum for a business our size.

Second, conversion rates radically affect the growth of the active subscriber base. The compounding effect of conversion rates makes a big difference over time.

Let's look at an example of two similar publications. Each acquires 5,000 new subscribers a year. One has a 20% conversion rate. The other, 40%. (For the purpose of simplicity, we are not going to consider post-conversion renewal rates here.)

Here's how the circulation history would add up over a ten-year period.

Year	Publication A (20%)	Publication B (40%)
1	5,000	5,000
2	6,000	7,000
3	7,200	9,800
4	8,640	13,720
5	10,368	19,208
6	12,441	26,891
7	14,929	37,647
8	17,148	52,705
9	20,577	73,787
10	24,692	103,301

Impressive, yes?

That 20% difference can make a 75,000+ difference in the subscriber base over ten years—the average lifespan of a newsletter. The cumulative difference over ten years is more than 200,000 subscriptions. Agora's average conversion is about \$75. That's a difference of \$15 million.

And that's just figuring renewal income. You've got to add to that revenue from insert sales, list rentals, and back-end and VIP promotions. The number gets very large very quickly—in this case, well over \$20 million.

Over a ten-year period—using this example as our basis—each additional point of conversion would give you an extra million dollars in profits. You can see why we think it's a good idea to raise our conversion rates. So how can we raise them?

First and foremost, by having better editorial quality. We've got to give good, experienced advice to our subscribers—advice they value and trust. Second, we have to give excellent service. That means sending the newsletters out on time, answering phones quickly, handling queries and complaints effectively, keeping good records, providing quality products, and so on.

Conversion rates are not determined by writers alone. They are the responsibility of every Agora employee, because every Agora employee does work that affects our customers' satisfaction.

For example, a "Very Important Number" for our business is the percentage of new subscribers who buy our "VIP" products.

By VIP products, I mean pretty much anything we sell for more than \$1,000. Among our VIP products are investment trading services (often delivered by fax or email), exclusive clubs and seminars, coaching and training programs, and, in some cases, direct investments, such as the property on the Pacific Coast of Nicaragua.

Since VIP products are typically ten or more times more expensive than our bread-and-butter newsletters, they have the potential to contribute greatly to the bottom line. Therefore, the number of VIP sales we make, as a percentage of new buyers, becomes a key figure in our overall profitability.

It's not easy to sell a \$1,000+ information product. To do it successfully, you need two things.

- First, you need something that's worth the money you're asking.
- Second, you need the skill to convince potential customers of that.

We are trying to accomplish those two objectives by asking our publishers, editors, and marketers to think of new ways to provide more and better services to our customers. Every Agora franchise has its own unique way of seeing things: the financial world, the world of health or travel, etc.

That unique perspective results in distinctly different products. The Taipan franchise, for example, has a

different idea about how to invest than does, for example, the Oxford Club. All of these franchises offer financial advice, yet each does so in a unique way.

Our VIP products, for the most part, reflect those differences. So, we have VIP trader services for each franchise. Because they are different, we have the opportunity to sell them all simultaneously within each division and sometimes across divisions.

We believe the percentage of VIP customers we create each year is a good indication of the kind of job we are doing overall. That includes how well we are selling our franchises up front, how well we are fulfilling the franchise promises we make, and how successfully we are satisfying our most discriminating buyers.

There is a great opportunity to increase—very significantly—the percentage of VIP customers we have.

Speak to your publisher about his or her plans for doing so. Find out who is in charge of growing this number, and see what you can do to help.

Structuring a Strong VIP Offer

Testing VIP offers can make a big difference in your bottom line—and should be a regular part of your marketing plans.

So what, exactly, is an offer?

Most marketers forget that it is nothing more than the result of a marketing decision, implicit or explicit, about how the product is best merchandised. And it's quite possible that the most effective offer could start (or end) with changing the product itself. So the first thing to consider when structuring an offer is *what* you are selling. (Is it a newsletter? A book? A premium? A service? A trial? A sample?)

You also need to consider:

- Price
- Terms
- Guarantee
- Premiums
- Method of payment
- Duration of service
- Fulfillment methods
- Membership vs. subscription
- Reply channels (email, phone, etc.)

Ask yourself: Could we do better if we had a different offer? Would we get a better response with a different: price, premium, guarantee, payment terms, or discount?

Every list has its own unique personality, and when you change the offer, you bring in different people with different response psychologies. Some like to pay cash up front. When they decide to buy something, they want to pay for it then and there. Others would rather commit less at the beginning and pay gradually. Some have to be bribed with irresistible premiums, massive discounts, and inexplicable freebies. Others are willing to commit but only with a very strong guarantee of satisfaction.

Being clever with your offer gives you the opportunity to make your product work to lists that don't normally work for it. It can also make old and tired copy work to lists that have worked in the past but have tired of seeing the same old thing.

As with copy, there is a psychological dynamic at work here. So before you start testing offers, you have to take a close look at your prospects and try to determine what will appeal to them.

—Mark Morgan Ford

— Snapshot in Time —

February 13, 2009

There Are Deals to Be Done

I don't know what will come of this... but I met a newspaper publisher in Paris last week. And Fanny and I are going back for another meeting with him in a few minutes. Because when we thought about his situation, we realized we might be able to help each other.

To make a long story short, he's got a daily financial paper—like *The Wall Street Journal*. But he has to compete with two or three other papers... his editorial costs are extremely high... ad sales are falling... and he's losing *beaucoup* money.

When we asked ourselves "How can he help us?" nothing came immediately to mind. But then when we wondered how we could help him, a rush of ideas came to us... ideas that actually help us too!

What I'm getting to here is that the traditional media is in trouble. Most likely, the print-only financial publications will not be able to survive. Especially those that just give the news. (It's too easy to get for free.) So publishers are open to suggestion. They're looking for content, for sales, for back ends, for revenues—many of the things we think we know how to do.

Here is a quick list of what we're going to propose:

1. Cross marketing... We sell their products... They sell our products.
2. Joint marketing... Subscribers get a better deal by buying both together.
3. We give them content... a regular "Contrary Opinion" feature, leading back to our website and our experts, of course.
4. They give us daily news content for our website.
5. They collect email addresses for a free email (they have none)... We produce the email... We sell our back-end products... We share the revenue.

I'll report on how this goes... but it makes me think there are deals to be done.

—Bill Bonner

THE SUPREMACY OF SELLING (AND 3 SECONDARY PRIORITIES)

Of the major functions of an entrepreneurial business—product development, customer service, accounting, operations, and marketing—the one that should always be given top priority is marketing.

The other functions are important. But without marketing, you will not have sales... and without sales, you will not have cash flow... and without cash flow, you will not be able to pay for all the other functions (except by going into debt, which is simply borrowing against the cash flow of the future).

Put differently: Without sales, it is very hard to sustain an ongoing business.

Consider this to be Rule Number One of Entrepreneurship. Before your business makes its first sale, it is nothing more than a set of unproven ideas that you are spending money on. Some of those ideas may be good and feasible. Others may be bad or impractical. You can't know which are which until you test them by selling the product.

And that's why, when I consult with entrepreneurs who are still in the planning stages, I try to get them to streamline their start-up process by eliminating most of the other things they are inclined to do (such as leasing office space and buying furniture) and focusing on effecting that first, real sales transaction.

It must consume 80% of your and your employees' time, interest, and creativity. During the start-up phase of your new business, selling must be your top priority.

If not selling, what else should you spend your time doing?

Here is a short list of secondary priorities:

1. Mentoring and being mentored
2. Teaching new employees more about how the business works
3. Setting business targets

1. Mentoring and Being Mentored

The big problem everyone has when beginning a new business is ignorance.

New entrepreneurs don't know how the business should work—where to go for customers, how much to charge for the product, how many customers are needed for the business to become profitable, and so on.

The solution to ignorance is learning. And there are basically two ways to learn about a business: (1) through seminars, programs, and books—all of which provide generalized, secondhand knowledge about the industry—and (2) by speaking personally with people who are in a similar business and getting firsthand advice from them.

When a young man I had the pleasure of mentoring started a new division in a publishing company he worked for, he was "full of energy," as he told me, but "knew almost nothing about how to do it."

His solution was simple: He would ask everybody he could (including me) for help.

"Talking with people, at least once a week, about what to do next kept me from wasting energy on ideas that wouldn't work," he said. "I absorbed 20 years' worth of publishing experience in one year by constantly reaching out to my peers and my mentors about every important marketing and product decision. Their ideas didn't drown my vision, but helped enormously to refine my efforts and make them much more successful."

He was very clever in the way he took advantage of all of this information, and I'm sure that was a big factor in his success. In less than seven years, he grew his division from nothing to more than \$20 million in annual revenue. Today, it is a \$50 million, highly profitable business.

Here is what he did:

- *He was not afraid to ask questions.* At his age, I was always afraid to ask questions because I didn't want to show my ignorance. Showing my ignorance was tantamount to admitting weakness. Since I imagined myself to be in a survival-of-the-fittest career, I pretended I had no weaknesses. What I didn't understand was that there were some people who wanted me to learn—who knew I was ignorant and valued me anyway. At the top of that list was my boss, the guy who hired me and had a vested interest in my success. He was not only open to questions but welcomed them. I was that person for this young man. I was thrilled to answer every question he asked and some he didn't ask but should have—and I always made sure I gave him a full and complete answer.
- *His success was my success too.* During his year as my protégé, we spent many hours together. At the end of our mentorship, I felt he had absorbed almost everything I knew about his type of business.
- *He had multiple mentors.* He was not talking only to me. He was asking questions of lots of other people who had different perspectives on his business, including colleagues that I introduced him to.
- *He asked up, down, and sideways.* Although his primary mentors were experienced businesspeople who had already done what he wanted to do, he had all sorts of temporary mentors, including competitors and even his own employees. Before he began a project, he sought opinions about it from anybody and everybody who might have something helpful to say.
- *He maintained relationships.* He realized that the proper and just reward for a person giving advice is getting thanks. And he was always good about thanking me and his other mentors. Most of the time, he sent a personal note, which was thanks enough. Sometimes, he sent personal gifts. Bottles of wine and hand-rolled cigars were my good fortune.
- *He made his own decisions.* He knew that the ultimate responsibility for the success of his business lay with him, so he always made it a point to review the advice he had received and make a decision that was his own. Often, it was some combination of advice he had gotten and some unique twist that came from his own imagination.
- *After making a decision, he took full responsibility for it.* If it worked, he gave credit to everyone who had helped him make it. If it failed, he accepted the loss as his.

The positive effects of mentoring are not just anecdotal, they have been documented through serious research. There have been several studies on the subject, including one by psychology professor Lillian Eby that involved nonacademic employees of the University of Georgia.

Dr. Eby found that 89% of those who were mentored reported satisfaction with their jobs, and more than 90% considered their mentor someone they could trust and confide in. More than 70% of the protégés also reported that their mentors helped them advance in their careers, taught them new skills and how to navigate the system. The mentors benefited from the relationships as well, with 74% believing mentoring had a positive impact on their jobs.

Dr. Eby also found that the mentorship program, which was mostly informal, was responsible for benefits to the university itself, including increased productivity, lower stress levels, and better job performance among employees.

2. Teaching New Employees More About How the Business Works

At my young protégé's age, I didn't have his skill at seeking out mentors. But I have been pretty good at mentoring any team I ever worked with.

Perhaps, being the son of two teachers, it was in my blood. Or maybe it was an instinct I had about how to make my future life easier. Whatever it was, I have always had an impulse to teach new employees everything I know about the business. And the moment I learn something new, I want to pass it along.

This impulse has served me well. It has allowed me to quickly develop a core team of people who have the skills and the motivation to get the job done, whatever that job happens to be.

When you are heading up a Stage One publishing business, the core team that you have in the beginning may very well be the managers and then the directors and eventually the vice presidents who will run your business for you when you step into semiretirement. The more you can teach them now about what makes the business work—really work—the easier it will be for the business to grow up big and strong later.

Here are some tips to help you do it:

- Teach instinctively if you have the instinct. Teach formally if you don't. Every time you or anyone else does something smart or discovers a useful secret, make a lesson out of it. Call everyone together, give praise where it is due, and teach the lesson.
- Don't make these lessons one-sided. You are the leader, but you are not the only one who has insights. Ask everyone, "What can we learn from this?" And listen to their answers before you offer your own.
- Document the shared information afterward. Write a memo as part of an informal bible that you can give to new employees as they come into the company.
- Don't limit your lessons to successes. When someone makes a mistake, celebrate it as a learning experience. Don't criticize the person. Thank him for giving everyone the chance to learn, and help the group analyze the mistake in a positive, productive way.
- Resist the temptation to create a culture of cliques and politics. Share all your knowledge with everybody in the company. Don't hoard your secrets. They will become stronger and more useful to you after you share them.

To teach your core employees what you know, you need to trust them, of course. You need to have faith that they are in the business for the same reason you are: to create a better and more rewarding future.

Having faith in them is easy if you follow your instincts in hiring, listening to the voice inside you that recognizes good character.

Maintaining a good relationship with people of good character is easy too. All you have to do is treat them as you would like to be treated. If you have genuinely good intentions, they will almost always be loyal to you.

3. Setting Business Targets

Your core employees should be motivated by your vision. And your vision should be to build an exciting, fast-growing, quality business.

The purpose of the business should not be—and this is important—to make you or your employees rich. That may happen if you are good at choosing tipping-point products and selling them, but it should not be the main objective.

In my early days, I was a big proponent of setting revenue and profit targets. I don't like to use those now, because I think they send the wrong message. I want employees to spend their time thinking about making and selling great products. I don't want them focused on making their boss rich, and I don't want them focused on making themselves rich either.

Though your top priority has to be selling in Stage One, making your customers happy should always be your primary objective. You should always be in the business of servicing the customer, and that means continuing to sell—throughout the four stages of business growth—good products that provide big, desired, tipping-point benefits.

I know this sounds soft and fuzzy, but I am saying it as a hard-nosed businessman who has made a lot of money. I have done it both ways: with businesses run with the main purpose of enriching officers and shareholders, and with businesses that focused on their customers first. In the long run, I believe, a customer-oriented business is more profitable and easier to run.

When customers are treated well, they stick around longer, buy more products, and recommend your business to their friends and colleagues. So if you take my advice and establish the fuzzy concept of customer satisfaction as your main purpose for being in business, you will be happy later. I promise.

And if your primary purpose is customer satisfaction, then you can set secondary objectives that will support that main purpose and also be specific and quantifiable in terms of business growth. These secondary objectives include targeting the right prospects for your lead product and developing a system for making back-end sales.

As a new business, making sales must be your top priority. Sales bring in cash, which can help you solve most of your other new-business problems. But sales growth in and of itself should not be your main objective.

You want to develop a growing business by providing quality products to an ever-increasing base of happy, qualified customers. By qualified customers, I mean customers who will stay with you after the first sale and buy more products from you.

So though your primary focus should always be on customer service, your quantifiable goal as a Stage One entrepreneur should be to acquire, as fast as possible, what we call a "critical mass of qualified customers."

The Critical Mass of Qualified Customers

Several years ago, a consultant reminded us of something we had learned and forgotten. In an email to me, he put it this way:

When I showed up, everyone was fixated on a high price for the newsletter products sold mostly by direct mail that were expected to generate a large subscriber base, the idea being that the higher the price, the more the perceived value.

This is certainly true, but it does not outweigh the reality of elasticity in our industry—the fact that the number of subscribers we get almost always varies inversely with the price that we charge. The maxim is that if the price is reduced by half, the number of subscribers will double, all other things being equal.

You guys continued to harp on the idea of lowering the return on investment (ROI) target on marketing campaigns (no one listened) until it became obvious that by lowering the price and lowering the ROI, the number of subscribers would expand exponentially.

Although your eyes glazed over when you looked at the convoluted formulas in my spreadsheet that modeled allowable acquisition cost, you immediately understood the dynamics of generating long-term profits through the development of a large-circulation, low-cost product sold at a loss on marketing by up-selling high-end products to this larger base.

Extensive market testing proved the point, and even your best marketer was forced to concede (through his actions but not directly) that a lower tested price was better than a higher price pulled out of a hat.

The consultant's "convoluted formulas" were based on one thing—the minimum number of qualified subscribers that we knew we needed in order to achieve profitability on our back-end sales.

For the business at that time, the number was 10,000. Since then it has changed, because the Internet has changed the way we do our initial marketing. But the principle is the same: You need to identify a target number of qualified customers who will make the bulk of your subsequent marketing efforts profitable.

What he helped us discover was that we could hit that number faster by lowering both our product price and our allowable acquisition cost.

You can apply this same line of thinking to your Stage One business by giving your core team two quantifiable numbers to aim for: a specific number of qualified customers acquired at a specific cost to the company.

As long as you keep checking your math, you won't need to talk about revenues or profits to achieve those targets. When you hit your target number by marketing at your allowable acquisition cost, you will have reached a major financial milestone.

—Mark Morgan Ford

The Story of The Boston Beer Company

Years ago, when The Boston Beer Co. was just getting up and running, I received a phone call from my uncle, a partner at Goldman Sachs and one of my initial financial backers. He asked me how things were going. "Fine," I replied. Our first batch of Samuel Adams beer was in the aging tanks and would be ready for delivery in about five weeks.

"So," my uncle continued, "what did you do today?"

I told him I'd spent the day shopping for a computer system. When he asked me why, I explained that I figured I'd need a computer to keep track of sales, payables, and the like.

"Oh yeah," he said, "sales. By the way, have you got any?"

I admitted that I did not.

"So what the hell are you doing buying a computer?" he demanded. "You know, Jim, I've seen a lot more businesses go broke because they didn't have enough sales than I've seen go under from lack of computers. Why don't you work on first things first?"

That shook me up.

My uncle went on to describe his early days at the investment firm—how frightened he had been to have to make cold calls on potential clients, how he had forced himself to set a quota of at least one new account a week, no matter how many calls it took.

Listening to him, I realized that somehow I had gotten the whole process backward. To make my business viable, the first thing I needed was not a computer. It wasn't even an office or a desk. What I needed was a customer.

That call galvanized me. I was determined to follow my uncle's example and go for one account a week. But when the morning came to go out and do it, I didn't want to get out of bed. Finally, I picked out a bar near my office... and, wearing my usual dark pinstriped suit, walked in with six cold bottles of Samuel Adams beer in my briefcase and a lump in my throat.

There was a guy behind the bar whom I assumed was the bartender. As it turned out, not only was he merely the bar-back (the guy who stacks glasses, keeps the shelves filled, and so on), he didn't speak English. He looked at me as if I had two heads.

While I stood there talking about my beer, the manager **walked over and eyed me** suspiciously. (He probably thought I was from the IRS or something.) Anyway, I went through **my** story again and asked if I could pour him a glassful. He looked at my beer, **sniffed it**, drank it—and **immediately** gave me an order for 25 cases. It was an amazing feeling. In the **space of** 10 minutes, I **went** from sheer terror to ecstasy.

Point is, it's really selling that drives most businesses: the direct interface between the product and customer, the crucial feedback loop.

If more CEOs had to go out and sell their products, day in and day out, they'd pay a lot more attention to what they were making. The more unwilling they are to put themselves in the middle of that transaction, the better chance they have of missing out on a critical element of their business. When you're out there selling, face-to-face with your customer, there's no place to hide.

—Jim Koch

SIX EMPLOYEE-MOTIVATING MYTHS

Myth #1: Employees need job descriptions in order to know the scope of their responsibilities.

This is a popular belief among corporate types—even the best of them. They are usually operations people accustomed to working with formal standards and complicated processes where precision matters and mistakes can be costly.

Reality: Job descriptions aren't necessary. For entry-level operational jobs, it makes sense to spell out responsibilities and procedures. But for operations managers and almost everyone on the innovation and marketing side of your business, job descriptions are unneeded and can be counterproductive because they are, by their very nature, limiting.

My philosophy is simple: If you are responsible for growth or the management of operations, there is nothing you shouldn't be willing to do. Saying "That's not my job" is equivalent to saying "I don't want to work here."

Great people see limits as boundaries. The most motivating thing you can tell a future star or superstar employee is this: "You can do anything you want to do here, so long as it contributes to our goals and objectives."

Myth #2: Employees are always motivated by money. It's naïve to think differently.

This oft-refuted myth is still common among CEOs and entrepreneurs, especially younger ones who have limited experience leading people. Just yesterday, I heard it from a young man who had taken his business to Stage Three in less than six years.

He was looking to hit the \$50 million mark, and felt he could do so only by locking in his best employees. But he mistakenly felt that the way to do that was to throw more money at them.

Reality: Money is not even the second-most-important motivating force for very good people. Sleazy salespeople and officious managers are motivated by money. But very good and great employees are motivated primarily by the opportunity to become more than they are. Next on their list is recognition. Very good people thrive on being appreciated.

There have been countless studies on what motivates employees, and money is never among the top three. That doesn't mean money doesn't count. You can't expect to underpay good people and get away with it. Pay your employees just a little bit more than the going rate so they don't ever feel like you're taking advantage of them—but keep in mind that the main reason they'll stay with you is because of the challenge of their jobs.

Myth #3: To win your employees' loyalty, make them all owners.

This, I admit, was a myth that I held near and dear for many years. It seemed to me that if we could make our employees feel like they had a stake in the future of the business, they would work harder and smarter and stay longer.

Reality: Most employees don't want to be business owners. That's why they are employees. In my younger days, I tried various ways to motivate employees through stock incentive plans—even creating a cooperative-like structure where every employee had actual stock in the company.

None of those strategies ever made a positive difference. The good employees worked no harder. The superstars were no more common. The bad employees were just as bad, and they groused because they felt their stock shares were too few.

The only substantial difference was that because the people at the top owned only a small percentage of the business, they lacked the motivation needed to grow it. That was bad for everybody. I learned my lesson and promised myself I'd never make that mistake again.

Myth #4: Flat organizations create more efficient employees.

The idea here is that employees work more effectively when you eliminate tiers of management. The ideal is to run a business of peers, where every employee can go directly to the CEO to ask questions or get directions.

Reality: Employees like hierarchy. Hierarchy gives employees a sense of structure. They know who they report to and who reports to them. Our working lives are confusing enough. It makes it worse, not better, to seek some phony egalitarian flatness by demolishing hierarchy, which is entirely natural and ubiquitous in any form of human enterprise.

Myth #5: Employees should have lots of amusement in the workplace.

This was a popular myth during the Internet boom. Every company featured in *Inc.* magazine boasted about its basketball court or Frisbee field or pinball arcade. The idea was that if you allow employees to have fun at work, they will be happier and work longer and harder.

Reality: Happiness comes from doing good work, not from distractions. Turning your office into an amusement park is foolish and counterproductive. Your stars and superstars will not bother with the toys, because they find happiness in their work.

Your laggards and goof-offs will use the toys—but those people should be working for someone else, not you. I have seen good results from sponsoring workout classes for employees during lunch hours. Other than that, the only “toys” that are helpful are new tools that help people work better and faster.

Myth #6: A good boss is a sensitive boss, one who is willing to respond to employees' personal problems.

This is the management philosophy of Michael Scott in the TV sitcom *The Office*. The concept, in a nutshell, is that a boss who is also your friend is a boss you will work harder for.

Reality: Mixing business with friendship is always a bad idea. You shouldn't do it as an employee. And you shouldn't do it as a boss. When you treat an employee like a friend, you are giving him the wrong message: that in the business environment, his personal life comes first.

Every enterprise can have only one primary purpose, and your purpose should be to make your customers happy. When you put your employees' interests above those of your customers it is a violation of your primary reason for being in business.

The bottom line is this: The best and easiest way to grow your business from \$1 million to \$10 million to \$50 million to \$100 million and beyond is to fill it with very good and great employees and to turn those very good and great employees into stars and superstars.

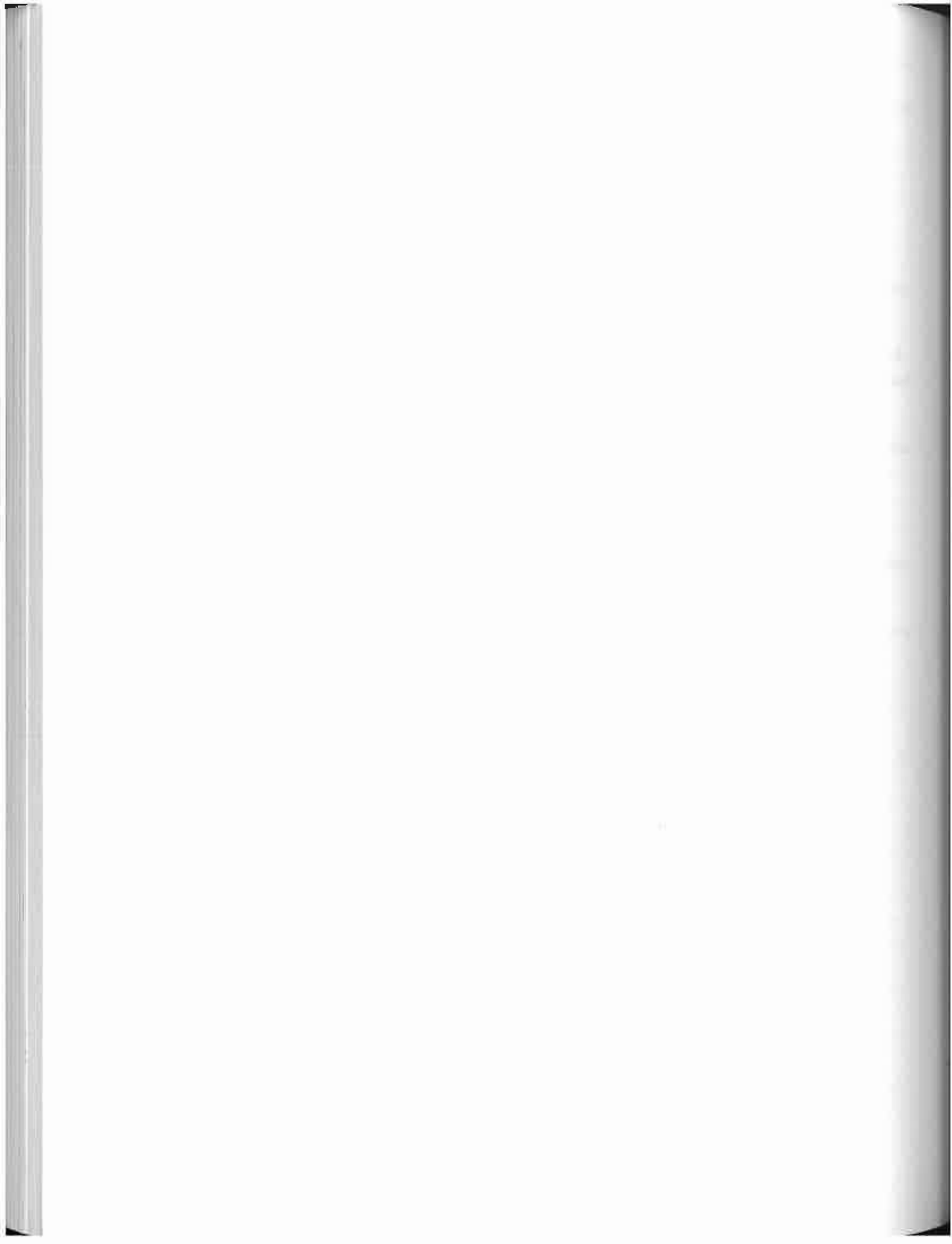
The way to create stars and superstars is to create as much upward mobility as possible in your business so that your employees can do what all good employees really want to do: exercise their talents as fully as they can, doing something that matters.

Happiness comes from working hard and well at something we care about. If you want your employees to work happily (and you should), you have to communicate your vision for the business, and then give them the chance to realize that vision by working hard and well in an environment of limitless responsibility.

—Mark Morgan Ford

CHAPTER IV

FILLING YOUR BUSINESS WITH STARS AND SUPERSTARS



BEGINNING YOUR SEARCH FOR SUPERSTAR EMPLOYEES

Recruiting great people is not unlike running a successful direct-response campaign. You have to identify your target audience, figure out what benefits you can provide them, and then express those benefits in an overwhelmingly convincing way.

A well-designed recruitment plan includes a great sales pitch, aggressive ad placement, and lots of personal canvassing at professional events.

You can't just place a standard help-wanted ad and hope for the best.

Let's take a look at a conventional ad:

Copywriter Wanted

South Florida-based alternative-health doctor looking for talented advertising copywriter to assist in promoting Internet newsletter and natural supplement line. Qualified candidate should have at least two years of experience writing successful direct-response packages. Salary and benefits competitive. Send resume to...

And now let's look at a much more effective ad:

Your Dream Job Is Waiting for You

This is what you have been looking for—an exciting, relaxed atmosphere to develop your writing talents and rise to the top of the world's best career: direct-response copywriting. It's a dream job for anyone who's ever thought about writing for a living—with great pay, unlimited upside potential, and a chance to show the world how good you are. Plus, you'll be working with intelligent people who are all committed to creating better health through natural medicine.

I am a South Florida-based practitioner of natural medicine with an exciting side business in Internet publishing and the direct marketing of natural supplements. I am looking for a talented person to develop into my top creative person as the business grows.

Experience helps, but what I am most interested in is intelligence, a strong work ethic, and a talent for writing.

Great jobs like this come along once in a lifetime. Don't let this one slip by. Send me a two-page letter telling me why you would be good for this job.

Note several differences between the conventional ad and the much better one.

- The first ad is short. The second one is somewhat long. A longer ad gets noticed more easily. Longer ad copy is also proven to be more effective in persuading qualified people to respond.
- The first ad talks about what the business is looking for. The second one talks about what the job offers the candidate. This is a powerful persuasion technique based on well-established direct-marketing principles.
- The first ad makes lack of experience a limiting factor. The better ad makes it less important—and, in fact, character is much more important than experience for most jobs. By not making experience a requirement, you widen the net and increase your chances of catching really good people.
- The first ad asks for a resume. The better ad asks for a letter. This has several benefits. First, and most important, it weeds out the ordinary people who are too lazy or unimaginative to write a letter. Second, it gives you a chance to get a sense of the candidate's personality—something you can't possibly get from a resume. Finally, it gets the candidate excited and thinking about the job in a more serious way. That means a greater likelihood of taking the job if it's offered.

The Ideal Recruitment Effort

Writing a persuasive ad is not enough. You have to be assertive about how you place it, treating it as you would a direct-response ad. By that I mean you would test it in as many places as you could, take note of which places produce the most interesting (note: I did not say "qualified") candidates, and re-place your ad multiple times. Your goal is to establish a significant pool of potential candidates.

Now the work begins: reading all those letters. Yes, it would be so much easier to scan resumes for experience and qualifications. But that is exactly what everyone else is doing. And that's exactly why everyone else is getting such disappointing results.

By putting in the time to read the letters you are getting in response to your ad, you will be able to get an immediate feel for the personality of each candidate. You'll have a sense of an applicant's character, ability to communicate, vision, ambition, and intelligence.

Those qualities are what determine a person's potential greatness as an employee.

After reading all those letters, you're going to have to make some phone calls—a lot of them. Speaking to the job candidates early on is the best way of determining whether the hunches you have about them, based on their letters, are valid.

Get the candidates to talk about themselves as much as you can. But if you notice one who keeps turning the conversation back to you and how he can help you... you know you've found a winner. Great employees understand that their main concern should be how much they can do for the business, not how the business can take care of them.

Eventually, you will interview a handful of finalists in person. These interviews should be more substantial than the usual half-hour conversation and handshake. Put aside several hours to get to know each prospect. Introduce him to other members of your team. If possible, take him out to lunch or dinner.

If you use this approach, you will find that anyone who gets to the personal interview stage is already a very qualified candidate. You will almost certainly feel that you'd be perfectly happy with any of the final five or six. And you probably would be.

Pick one and put him to work on a trial basis. In the unlikely event that you made a mistake, you can replace him quickly and easily with one of the other potential superstars you have put on hold.

Taking Your Search for Superstars One Step Further

What I've just outlined is a superstar search on steroids. But it is by no means the only thing you should be doing to fill your business with extraordinary people. You should also be going to lots of trade shows and other industry events and getting to know lots and lots of people.

By becoming a regular attendee at such events, you will pick up all sorts of ideas about how to reorganize and improve your business. You will also make connections that could end up as joint-venture deals. Most important, if you handle yourself right, you will recruit many great employees.

One master of recruiting who stands out in my mind was the president of a major publishing company. He had a great business and plenty of executives working for him who could go to the trade shows. He really didn't need to go himself. But he saw these events as networking opportunities—and the networking he liked best was meeting bright young people who could possibly work for him one day.

He seemed to be everywhere at these events, smiling and shaking hands and making friends. He had an ability to make you feel both impressed and flattered by him at the same time. You knew he was wealthy and powerful, but he seemed so interested in you.

This combination was very effective. I never heard him make an outright offer to anyone to come to work for him, but the message was somehow conveyed that he would be pleased to make a deal.

—Mark Morgan Ford

TWO GREAT EXAMPLES OF UNCONVENTIONAL SUPERSTAR-ATTRACTING ADS

At Agora, we have made a living out of being unconventional in not just the ideas that we sell but also in our writing. Our unconventional approach is evident in the way we seek out prospective job candidates, too. It is emblematic of our culture, and can help us find the sort of employees that will continue to make our company great.

Example 1

Wanted:

Highly Analytical, Fanatically Competitive, Auto-Didactic Poet

We: The world's largest independent financial research firm. Feared by our competitors, adored by our clients, and attacked by the government... our work powers the investment decisions of 100,000s of investors in more than 100 countries.

We publish more than a dozen investment periodicals, three different daily financial ezines, and we own one of the most viewed financial news "aggregator" websites. In total our work reaches around one million people every day.

Founded in 1999, we've been the fastest growing business in our space for nearly a decade. Alan Abelson says our work is "highly respected" on Wall Street and "prescient."

The key to our continued growth is the ability to attract truly exceptional employees who are completely dedicated to serving our clients.

You: An exceptionally intelligent, universally well-read, ambitious, tireless, and fearless competitor, who is capable of writing clear and inspired prose.

The easy part of your job: thoroughly researching dozens of the world's most complex problems and predicting solutions that are practical and profitable for investors. The hard part of your job? Writing about these issues in a way that's insightful and compelling.

Are you the person your friends point to when they're asked: "Who is the smartest person you know...?" You might be our guy. If you love to read, to think, and to write, you might be our guy.

One warning: Our clients make money... or lose it... based on our research. This is an awesome

responsibility we carry with us at all times. If you can't deal with the highly competitive and totally objective nature of our work, don't apply. But if you're ready to compete in the markets, against the world's best, give us a call.

Hurdles: All applicants will be required to submit a writing sample. Tell us about a fundamental investment opportunity and explain the most aggressive way to trade your idea.

No other criteria will be considered: We don't care where you went to school or how good your grades were. We don't care how much experience you have, where you've worked, who you've traded for, etc. And we don't want to see your charts. Either you can think independently and come up with profitable ideas that are based in the market's core fundamentals or you can't. That's all that matters.

Compensation: The sky is the limit. Depending on experience, candidates should expect to earn between \$75,000 and \$150,000 in their first year, including bonus. Successful analysts earn multiples of these amounts. After your first year, you'll be paid based on the profitability of your products.

Location: We're opening a new office in Delray Beach, Florida. You should expect to work from this location for at least the first year of your employment. Then, depending on your work, you may be able to live wherever you choose.

Currently, we have analysts living around the United States, from Oregon and California to Florida. We recommend living in an income-tax-free state. But it's up to you.

Questions: If you have any questions, you're probably not our guy. You should already know who we are and how to reach us. But just to make sure it reaches the right person, send your resume and your writing sample to...

Example 2

Can you pass this simple, seven-part test?

We're among America's fastest-growing small companies, and we need help. On our staff, we have a multimillionaire *New York Times* bestselling author, a well-known financial advisor, and 18 other highly motivated individuals. We're hiring at least five more people. Would you like to join us?

See below for the job listings and the seven-part test you must pass to be eligible.

Hi.

My name is Tom, and I run a publishing company in Delray Beach, Florida.

We're in the business of publishing breakthrough ideas. The information we produce helps our subscribers improve their finances, businesses, relationships, and even their health.

We publish these ideas in newsletters, which we deliver by email. To get these ideas, our readers buy subscriptions to our newsletters.

Our ideas are always controversial, unconventional, unique, and, above all, useful.

They have to be.

We spend millions of dollars a year researching and producing these ideas. Our newsletters command some of the highest prices in the publishing industry on a per-word basis. If we stuck to publishing ideas you could get from the newspaper or television, we'd never be able to do this.

We offer another benefit to our readers that they can't get elsewhere.

Independence.

We don't have any advertisers to please, we don't collect commissions for plugging stocks or investments we recommend, and we don't pump up penny stocks we secretly own.

We survive on the quality of our research. If our readers find our information useful, they renew their subscriptions. If they don't, they fire us and ask for a refund.

We offer a full refund on everything we sell.

This way, our only mandate is to produce the best, most useful advice we can. We're not always right. But we're always trying.

And our business model is thriving...

We've been in business for less than three years and we've already accumulated more than 40,000 subscribers from 191 countries. We have more than 20 employees.

There are two massive tailwinds driving our business.

First, thanks to two major bear markets in the last 10 years and a string of scandals on Wall Street and in Washington, investors are waking up to the reality that the information they've been relying on is not working anymore.

They are tired of their brokers using their portfolios as dumpsters. They can't trust anything they read in the mainstream media. And they've lost confidence in their financial advisors.

So they're flocking to independent advisors like us.

Second, the Internet has changed everything.

We're now able to communicate with our subscribers at almost zero cost, instantly and with enhanced technology like video and presentation software. This allows us to provide much more value to our readers through much deeper and more meaningful relationships. We couldn't do this when we fulfilled our subscriptions through the mail.

The result is, our industry is booming. And with the knowledge and experience we have on our team, we're capitalizing on it... and you can too.

Come and work with us and you'll learn everything there is to know about Internet publishing, online marketing, and selling the most useful financial information. Our entire team will mentor you. And we will pay you well for the privilege.

We have a casual dress code, flexible hours, incredible perks, and our office is just a short walk to the beach. So if you have the desire to join a progressive financial publisher—this is your chance.

We're looking for at least five new people to join our team. I've pasted the specific job descriptions below. But please note: We've found that job descriptions are pretty useless. Our business is growing so fast, our responsibilities constantly evolve. Within a week, your job description will probably be out of date.

Said another way, if you're a great candidate, we'll probably hire you anyway, even if we don't have a specific job opening that matches your skill set.

After all, we don't own any patents, mines, or distribution networks. Our competitive advantage is in the ideas of the people we employ. So when we find talented people, we hire them regardless.

Anyone can apply for these jobs—we don't care about your experience, professional qualifications, or education. We only care about finding the most effective person for the job. There is only one condition:

All our employees work from our office in Delray Beach, Florida. Therefore, you must a) live locally or be prepared to move to the area, and b) be legally authorized to work in the U.S.

If you are still interested, please review the following specific job descriptions and then follow the instructions at the bottom to start the process.

The Positions We're Looking to Fill

Right now, there are five positions we're looking to fill. But as I said, these are only starting points, and if you join us, you could well end up doing ALL of these jobs at some point.

Investment Analyst

We have an opening for an investment analyst. You should be more curious about investments than anyone else you know. You should know about stocks, options, and bonds. You should be familiar with our various services. And you should be comfortable writing thousands of words per week.

Editorial Assistant

We have an opening for an ambitious, tireless, and fearless editor's assistant to help us meet all

the daily, weekly, and monthly deadlines for our various publications. That could be editing essays, proofreading, researching new ideas, or writing. You should have an incredible eye for detail and the ability to handle dozens of tasks at the same time.

Customer Service

We have an opening for a customer service representative. We are looking for an experienced customer service rep who can multitask, has strong communication skills and a strong attention to detail, and enjoys a fast-paced environment. Candidates must be proficient in Microsoft Word, Excel, and Outlook.

Web Content/Graphic Design

We're hiring a Web content assistant. You should be able to write HTML/CSS and have an eye for catching coding errors, typos, and logical inconsistencies. You'll work on producing content for our website and marketing campaigns. You'll send mailings and help our production manager take care of the technical aspects of our business.

Junior Copywriter

We have an opening for a junior copywriter. You must be able to write competently, but we're not trying to write the great American novel. What's more important is the ability to persuade the prospect through a carefully constructed argument. We're looking for someone who is passionate about ideas... and writing big, blockbuster sales packages.

How to Apply for One of These Positions

This will be a three-stage application process. The first step is very simple and easy and will test whether or not you can follow instructions. If you want to apply for the job, do these things:

** Send an email to...*

** The subject line must read "I want to work at Common Sense Publishing."*

** In the email, put seven things:*

- 1. Your full name*
- 2. Your current profession*
- 3. Where you live*
- 4. How you found out about this opportunity*
- 5. The one job description you're most interested in*

6. *The price of gold in the London AM fix on that morning (Double-check your source.)*

7. *The number 99 in Roman numerals*

Do ONLY those tasks. Nothing else should be in the email. If you have any questions, you'll have a chance to ask them at the next stage.

If you pass the first level, we'll email you with further instructions within seven days of receiving your email.

—Tom Dyson

TAKING "UNCONVENTIONAL" TO THE NEXT LEVEL

I have done lots of recruiting and literally thousands of job interviews. And I have found that taking a counterintuitive approach is better across the board. If you understand marketing, and what motivates people, you will understand why it is so effective.

Here is an example from an *Early to Rise* eletter—a clever way to go to your own subscribers to recruit potential superstars:

Today's letter is completely different, and it starts with a WARNING:

I'm willing to bet that you're about to make a huge mistake. In a moment I'm going to give you a simple choice and you'll probably make the wrong one. Most people do.

You might even have a perfectly good reason to make this mistake. Still, whatever your choice, it will have consequences far beyond what you can imagine.

So pay attention.

You see, today I want to offer you a job.

Yes, I want to hire you. I literally want to put you on my payroll. I want to give you the opportunity most of us hope for, but never receive. This job will provide you with a regular paycheck and opportunities for substantial bonuses, but more importantly, it will help you learn and master the greatest secret I know.

The job is so good, you probably don't deserve it.

After I tell you about it, you'll know I'm right. You probably won't even apply.

But if you do, you'll have the opportunity to learn an invaluable secret...

This secret is responsible for building the fortunes of many of my multi-millionaire friends. And, of course, I used it to make my first million dollars... and my second... and my third, etc.

But it's not just about the money. This secret can be applied to all the riches of life. I dare say it could get you just about anything you want. For instance, I know a man, let's call him D.H., who used this secret to overcome his romantic failures and find the wife of his dreams. They've been happily married for over 30 years now.

You're probably thinking... "That sounds unbelievable" or "Ridiculous!" or at least "What's the catch?"

This is where you have the opportunity to make the enormous mistake I mentioned earlier. I don't blame you. We live in a world where people need to be skeptical to survive. We've become experts in the habit of skepticism in order to lower the risk in our lives.

Today, that habit will hurt you.

One of the most valuable lessons I've learned is that most moments in life don't matter much. But there are a few moments in every person's life that DO matter.

So one of the greatest skills we can develop is the ability to recognize those few moments that really matter and take action. We need to stand up, pay attention, and be ready to act.

Unfortunately, most folks will never understand this. Odds are... you're probably one of them.

Let me tell you—if you're the right person—this is one of those moments that matter.

So let's discuss this job offer.

First, you need to know that I'm a demanding boss.

If you end up in this job I guarantee you'll work your butt off. Most likely, you'll work harder than you ever have before. From time to time, you'll pull all-nighters. You will work some weekends. During certain periods of time (at one of those moments in life that really matter) you might be driven to near exhaustion trying to meet deadlines.

It will be hard. But here's the thing.

After twelve months of busting your butt, helping to make ME even richer, I guarantee you'll feel like YOU owe ME. I know you will because every day, through the work, I'll be helping you master the greatest secret I know.

This isn't the first time I've hired someone to teach them the greatest secret. You see, not long ago a young man abandoned the prospects of a lucrative job at a famous law firm in New York City to join me. I dare say that he put himself on the path to riches by recognizing this opportunity to learn my greatest secret.

You'll meet him... if you're the right person for the job.

Here are my demands:

** You MUST love to read. You'll be doing a lot of it. Honestly, my greatest secret is relatively easy to learn... but mastering it requires hard work, study, and practice. If you haven't read a*

good book in the last two years, don't bother applying. You're not my person.

** You MUST be coachable. You need to be open, flexible, and receptive to feedback. Mastering this secret requires getting your nose bloodied from time to time. There will be ample doses of tough love and it will hurt.*

** You MUST commit to mastering my greatest secret. It needs to be your top (hell, your ONLY) priority. I'll accept nothing less.*

** You must accept that work is a virtue. If you don't think that working hard for something you believe in isn't the noblest pursuit in life, then we simply cannot work together.*

Details on the position: Base salary + bonuses. You must move to Denver. I can't teach you my greatest secret remotely.

The base salary is something you can easily live on. You won't get rich on this base salary, but if you master what I have to teach... you will get rich someday soon enough.

How to Apply:

A few weeks from now I'm going to teach you my greatest secret for FREE.

As part of my search for a future rock star (or 2 or 3), I'm conducting a half-day workshop where I'll tell you all about my greatest secret. Obviously, you won't be able to master the secret during the few hours we have together but you'll get an idea of what I'm talking about.

The man or woman who gets the job will master it, with my help. But I promise I'll map it all out to you and set you on a course that could, in all sincerity, change everything for you.

Just for attending, you're going to get four hours of education that I used to charge my consulting clients \$50,000 for. That's the power of my greatest secret.

The event is completely free. I'll even buy you lunch. Consider it my gift to you for being willing to step out of your comfort zone and explore what's really possible.

I'm not going to try and sell you anything. I'm not even going to try to sell you the job. You'll have to earn it because you need me much more than I need you.

You just have to get to Denver and find a place to stay.

The group will be relatively small so I can interact with everyone who attends. I want to find the diamond in the rough.

If you've made it this far, and I suspect only a few people have, then there's one last thing you must do if you want to attend.

You need to prove to me that you deserve one of the seats at this event. I need to see that you are dedicated to this opportunity. So, to apply for an invitation to the free event, here's what you must do:

- 1. Send me an email with the subject line "Share the secret."*
- 2. Include an explanation as to why you are the kind of person we're looking for.*
- 3. Share with us one of the life lessons you've learned so far.*
- 4. Attach your CV/resume.*

Here's another example—an ad for a personal assistant. In addition to getting many entertaining responses, it has generated more than 450 applications:

Demanding Denver Executive Seeking Exceptional Personal Assistant

I'm looking for a unique individual to fulfill a unique set of needs. Odds are this job is not right for you... hell, it isn't right for most people. But if you happen to have the skills and personality traits I'm looking for, this may very well be your dream job. Seriously.

I'm busy and I need someone who has the skill and motivation to make my life easier. That sentence alone probably turns you off. If it does, move on. This isn't the right job for you.

I've been to over 50 countries and one of the unique things about Americans as opposed to people of other nationalities is that they (we), in general, hate taking care of other people. There are exceptions, of course. If you're one of them, if you genuinely like taking care of... or, dare I say, serving another able-bodied person, then maybe, just maybe, this job could be for you.

This person will help me with business tasks like managing my calendar, organizing my extensive travel schedule, and setting up meetings. But I'd want this person to do much more than just help me with my busy work schedule...

I'm perfectly able to take care of myself. I can do my own laundry, my own shopping, my own scheduling, etc. But I don't want to, and I've reached a point in my life where I can do and have just about anything I want. What I want most, however, is to be able to focus on my work—focus on the things I do best and focus on adding value to the world... my way.

The perfect person for this position looks for any way they might help me maintain that focus. This means that my Personal Assistant will spend much of their time on my personal items as well. Shopping, running errands, doing my laundry (I probably lost you there), sometimes transporting my two children to activities or to and from their mother's home. (I'm divorced.)

In short, the right person has to be willing to do virtually anything that needs to be done, and they have to do it with a smile on their face.

The right person:

- Is incredibly proactive. They look for things that need to be done and they do them. They don't wait around until they are told to do something.
- Is organized. I'm not organized. My brain doesn't work that way. I need someone who is deeply, obsessively organized.
- Is flexible. I don't mean physically, although I'm pretty into fitness and yoga and I do understand the value of physical flexibility. I mean you need to be comfortable if plans change when things go wrong. I need someone with a cool head and a can-do attitude.
- Is positive. You have to be positive. I don't want to hear about your problems. I don't want to hear complaints. I want to hear what you're doing to make each day a kick-ass day. I want to see you smiling.
- Has a super-clean record. I'll do a detailed background check on you. If you've been in trouble in the past, don't apply.
- Has reliable transportation. You'll need to get around town. Of course, I'd reimburse you for any transportation-related expenses associated with your work. You need your own ride, though, something clean and safe that I'd feel comfortable letting my kids ride in.
- Is a great communicator. You must have excellent communication skills, both written and verbal.
- Is a FAST learner. I'll expose you to many, many new things. If you can't pick up new concepts fast, you'll be lost and I'll be frustrated.
- Has discretion and can maintain confidentiality. I'm extremely private. I demand complete discretion and confidentiality. Because of this, the more I trust you, the more rewarding the job will be for you.

Truthfully, I prefer someone who has a college degree. I work with a lot of highly educated people and, as my assistant, you will too. Odds are, if you have more education you might feel more comfortable. However, I'm a college dropout and I've done well, so a great education is a bonus but not a requirement.

Compensation is fully negotiable. I'm willing to pay for the right person. I wouldn't expect to find anyone for less than \$45,000/year. So that's the starting point, but I'm willing to pay more if you happen to be amazing. If you are the right person and add tremendous value to my life, you'll come to realize that I'm an extremely generous man.

So if you think you might be the right person for this job, send me your resume and, more importantly, a cover letter. I don't want some generic cover letter... If you send one, I'll throw it away without a second thought. Instead, tell me why, in detail, YOU are the right person for this position (and include your salary requirements).

Send your cover letter and resume to...

Why does this ad work?

The ad is serious but unorthodox. It is authentic, and is promising an experience worth much more than a salary. It allows candidates to imagine doing the actual tasks mentioned, and gives them an honest sense of what it would be like.

—Matt Smith

TARGETING YOUR ADS TO THE RIGHT PEOPLE

One of the best ways to find the kind of people you're looking for is by writing an ad that specifically "speaks" to them—and you're not always going to get it right on the first try.

Here, for example, is an ad that Stansberry & Associates ran for an entry-level copywriter:

Entry-Level Copywriter

Interested in joining a rapidly growing, \$100 million business—where you can wear a T-shirt and flip-flops to the office? Do you love the written word? Are you naturally persuasive? Do you have a competitive streak? Do you enjoy Googling and research and oddball facts? Are you willing to learn about politics, economics, and finance? Finally, are you willing to work your butt off to become the best advertising copywriter in the world—earning hundreds of thousands a year?

If so, we want to speak with you today. We have an immediate opening for two entry-level copywriters. You'll work one-on-one with a world-famous copywriting mentor. You'll meet amazing people. And you'll learn the modern publishing business from the inside. You'll also have a lot of fun.

Note: This position requires that you work out of our Baltimore, Maryland headquarters to start. Please send a resume and—more importantly—a roughly two-page cover letter convincing the reader to buy... well... anything. Yourself, a favorite gadget, you name it. Then send both to ...

Not bad. We expected it to bring in lots of qualified candidates... but it didn't. So we rewrote it to make it appeal more directly to the kind of passionate and hardworking people who thrive in our company's very unique culture.

Take a look:

Entry-Level Copywriter

I'll be honest—you're probably not right for this job. We've found that most "writers" prefer sleepy academic topics, so-called "journalism" and the like. We've learned that many people who call themselves writers are, in fact, nothing of the sort. They don't write. And when they do, they produce fluff that nobody reads.

Here, there's no place for the weak to hide. Here, you'll learn a whole new form of writing. You'll write letters, video scripts, and ads that do one thing: sell stuff. If the idea of selling stuff bothers you, please save all of us the time and don't respond to this ad.

On the other hand, if you're interested in joining a rapidly growing, \$100 million business where you can wear a T-shirt and flip-flops to the office... If you're naturally persuasive... If you have a competitive streak... If you're willing to learn about politics, economics, and finance... And, finally, IF you are willing to work your butt off to become the best advertising copywriter in America... Then we want to speak with you today.

We have an immediate opening for an entry-level copywriter. You'll learn directly from top industry mentors. You'll meet amazing people. And you'll discover the modern publishing business from the inside. If you can survive the first 6-9 months of training, you'll also have a lot of fun.

Note: This position requires that you work out of our Baltimore headquarters to start. Please send a resume and a cover letter (approximately two pages) selling just about anything: a favorite book or gadget, a type of car, even yourself.

Then email both documents to...

The revamped ad brought in far more qualified submissions than the original ad—and I think you can see why.

Not only did the volume of qualified applicants spike, the tone of the submissions changed dramatically. The cover letters were more honest, gutsy, and eager to please. And the overall quality of writing in the cover letters jumped up a couple of notches too.

—Jay Livingston

HOW TO CONDUCT THE BEST POSSIBLE JOB INTERVIEW

Aside from marketing, employees are usually a publisher's top expenditure and most valuable asset. And Agora's HR (human resources) group is here to help you hire the best candidates for every position.

The job interview can be the most daunting part of the process. So here are five tips to make it as productive as possible...

1. Have the interviewee meet with several members of your group so you can get multiple perspectives before making a final decision.
2. Ask for professional references and take the time to check them.
3. Never settle for the first great candidate. Competition is good. The final stage of the hiring process should include at least two candidates you would be willing to hire.
4. Take detailed interview notes. This creates a professional atmosphere. It helps the candidate feel respected and encouraged, and allows interviewers to recall how conclusions were reached.
5. Let the interviewee do 85% of the talking. Do not try to sell them on the job or your affiliate. Let them sell themselves on why they are the best candidate for the position.

Be mindful that the interview process is a legal event and there are questions to avoid. Improper questions open the door for claims of discrimination. Interviews should focus only on the skills needed to do the job.

Here are specific guidelines from the Equal Employment Opportunity Commission (EEOC):

- When holding interviews, ask only job-related questions. Appropriate questions may include: work history and reasons for leaving prior job(s), work ethic, work style, education, career goals, reasons for wanting the position, and questions pertaining to applicant's qualifications.
- Off-limit topics include: race, color, sex, religion, national origin, right to work, health history, birthplace, age, disability status, marital status, children, pregnancy, arrests, convictions, height, and weight.

The Most Common Interview Error

It is easy for managers to answer the question "Why did you hire him/her?" However, they often run into trouble when they have to answer the question "Why did you reject that candidate?" Because rejection decisions are not typically well documented, decision makers rarely recall their reasons later on.

That's why it is so important to take notes during the interview.

HR Is Here to Help You Find and Hire Your Future Superstars

We can provide job listings as well as place them in job boards, local media, publications, and social media like LinkedIn, Twitter, and Facebook.

HR can network through alumni associations, career fairs, campus recruiting, and other professional groups that target candidates with specific skills. HR can also evaluate resumes, phone screen (for availability, salary, and special position requirements), reference check, and sit in for formal face-to-face interviews.

HR can help with behavioral and competency-based interview questions designed to gather data on specific job responsibilities. (Behavioral interview questions help predict a candidate's future performance based on past performance. You ask for specific examples of past behavior, including how the candidate has dealt with challenging situations related to the job and what they learned from those experiences.) Virtual interviews (via Skype or webcam) are an option if applicants are out of the state or country.

Once the hiring decision is made, HR can provide example offer letters. Additionally, when the candidate accepts, new hire forms and new hire orientation are available to help them become acclimated.

—Elizabeth Massing

HOW TO DEVELOP YOUR UP-AND-COMERS

Let's begin with an axiom: Business growth depends on new ideas that are well executed. If you have a Stage Two business (with more than \$1 million in annual revenues), you deal with new ideas almost every day. In fact, assuming you've staffed your business with smart people who want to succeed, you are probably overwhelmed with new ideas.

The challenge is to make sure you have people on board who can make those ideas work.

Start by Hiring Great People

A friend and colleague of mine is a master of good hiring. His first hire—an entry-level marketing assistant—bloomed into a world-class marketing pro who is already running his business for him. The two of them hired a second superstar who helped them double the business in one year. Now the staff consists of four people, and they are doing the business it would normally take eight people to do.

It's not easy to hire good people, but it is well worth the time and effort that it takes. Here are the four most important things I've learned about how to do it:

1. *Make the commitment.* Anything worth doing is worth doing well. You can't expect to hire great people if you spend just a few hours working on it. I don't like interviewing and I'm always impatient to hire the first decent person who comes along. That's a deadly combination.
2. *Look for the right things.* Intelligence is important, but I'd put it third on my list of things to look for. I agree with Jeffrey J. Fox in his book *How to Become a Great Boss* that the two most important things to look for are attitude and aptitude.
3. *Flee flaws.* Generally speaking, you'll see job candidates at their best when you interview them. If you notice something that seems wrong, don't ignore it—especially if it concerns qualities that are important for the job. When it comes to interviewing, I've found that personal quirks are like the tip of an iceberg. What you see on the surface is a very small part of what you will have to deal with later.
4. *Don't worry too much about specific experience.* Of all the qualities that are important to look for in finding a great employee, specific experience is not very high on my list. Yes, it's good to know that the person you hire can do the technical work from day 1. But on day 7 or day 14, you'll wish you had opted for the better, though perhaps untried and unproven, prospect.

Force Yourself to Fire Mediocre Employees

When you want to save a hammock of endangered hardwoods, you start by chopping down a lot of trees in order to let the sun come in and give the really valuable growth a chance to develop. That is how it works in

nature. And I have found that the nature of a business is not too much different.

So how do you weed out the mediocre employees who are interfering with the growth of your business? A successful newsletter publisher I know did it this way...

With every new person he agreed to hire, he made himself a promise that he would fire his weakest employee. He reasoned that the caliber of his workforce would gradually improve, so long as each new hire was better than his worst existing employee. He found himself targeting employees with attitudinal problems (those who always seemed to be unhappy) and problem workers (those who spent too much time on the phone, on breaks, etc.).

"The only difficult thing," he told me, "was learning how to fire someone. I recognized it was the fear of doing so that allowed me to tolerate those mediocre people all along. The first few dismissals were difficult. But after that, it became easier. Eventually, I came to feel I was doing something good for the company, good for me, and good for the hardworking, serious-minded employees who didn't want to be slowed down by mediocre people."

The program worked better than he expected. Not only did he get rid of the laggards and sour apples, the energy of the entire workplace improved. More work was being done more quickly. Profits and revenues were way up.

Best of all, he no longer had to spend a lot of his time prodding the underachievers. And that freed him up to do more of the work he really loved (writing, editing, and promoting his newsletter).

Establish a Leadership-Development Program

With a leadership-development program, your top people train other people in the company to do what they do. Then, as the business grows and your top people take on new responsibilities, the leaders-in-training step up to take on their mentors' old responsibilities.

But according to one article I read, only two-fifths of large companies have formal leadership-development programs. With smaller companies, I'm sure the figure is much lower—probably closer to 10%.

I think the reason it's rarely done in smaller companies is that their growth is so fast that the need for people to take on new responsibilities is always immediate. That means one of two things. Either the more experienced people take on the extra work themselves, spreading themselves thin. Or the work is given to younger people who haven't been trained to do it. In either case, the risk of failure increases significantly.

If I had to choose between those two options, I'd give the work to the less-experienced employee. And I'd put someone with experience in charge of mentoring that person, even if the mentoring is minimal.

I'd tell the mentor, "Your job is not to teach this person all the details. And it is not to do it yourself. Your job is to review the project periodically to make sure we can afford the mistakes that are going to be made. Other than that, you should allow the new person to flounder a bit. Flounder, but not founder."

The flounder-don't-founder method is imperfect, but it's better than nothing. And better still than loading up all the new projects on your already overworked experienced staff.

With a little guidance, smart new people can figure out a lot on their own. Sometimes they can create systems and procedures you never thought about before. Sometimes they will astound you with their success.

Learn How to Delegate

It's not easy to delegate responsibility when you know no one else can do the job the way you want it done, when you want it done, and how you want it done. You're the go-to person, the one who can answer questions, explain things, and get problems solved.

This is a good and a bad thing. Good because it gives you power. Good because it advances your goals. Bad because it can overwhelm you if you are not careful. Reluctance to share the workload will cripple your company. It is foolhardy to think you can do everything yourself.

Beyond driving yourself crazy, you will collapse from exhaustion and your business will collapse along with you. At some point, you'll have to learn to delegate or you'll burn out. Here are some guidelines to help you pick the right person for the task and let it go with confidence.

*** Decide where you need help.**

Look at your weekly to-do list. Note the jobs you really enjoy doing. Those are the ones you probably won't want to give up. Then note the jobs that make the most of your abilities. Those are the ones you probably shouldn't give up. What's left are the jobs you don't like or are not particularly good at. And those are the ones that someone else may be able to fill.

- *Select candidates carefully.* You don't want just anyone helping you. Because when you delegate work, the way it is done reflects directly on you. Look for people who have an interest in the work, have the skills to do it (or are willing to learn them), and have the time and initiative to accomplish it.
- *Make your case.* Be specific about the work you want those people to do. Define project goals. Set deadlines. Let them know why you chose them and how doing the job can make them more valuable to the organization. Show them that it will benefit them as well as you.
- *Seal the deal.* For some people, a handshake may be enough. But to be on the safe side and to make sure you both understand what will be done, put it in writing. Notify everyone on your team that this person now has the authority to do the job.
- *Follow up.* Check to see that things are getting done in a timely way. Keep in mind that if the job is being done differently from the way you would have done it, that doesn't necessarily mean it's being done wrong. Keep an open mind. But if there is a problem, address it—without getting personal.

—Mark Morgan Ford

FINDING NEW TALENT WITH EMPLOYEES WE HAVE

One of the most valued incentives we offer our employees is the opportunity to cross-train in other departments within an Agora affiliate. So when employees express an interest in a specific job, we give them the opportunity to shadow directors and ask questions.

Let me give you an example.

After graduation, I worked in event planning, which is where I began to develop the professional side of my people skills. My friend, who worked for Agora, suggested I apply for an entry-level customer service position at Stansberry & Associates.

Right away, I was intimidated by the skills of my coworkers. Fortunately, I quickly realized that Agora encourages employees to learn more, and learn faster, by taking reasonable risks ("accelerated failure").

I tried taking challenging calls from customers, and peppered my boss, Lance James, with questions about best practices in customer service. This helped me adapt to the fast-paced environment of the department.

My fellow employees were open to answering my questions about how Agora functions. So I made the effort to learn as much as possible. I found ways to help with projects outside of my responsibilities. And, in time, I was promoted to a customer service coordinator position. In that position, I wore a few new hats and had my first opportunity to be cross-trained in another area.

Trying new roles piqued my professional interest and I was able to determine where I wanted to go in the future. The thoughtful support of great mentors helped me begin to attain my professional goals.

Today, I'm Agora Financial's Customer Service Director, managing over 15 representatives. And every time I interview prospective employees, I let them know that Agora provides exceptional opportunities for career growth.

Since becoming a director, I have mentored many entry-level customer service representatives who have gone on to become directors of various departments.

This mentorship approach improves the abilities of our employees on a daily basis. It also strengthens Agora as a whole. The right incentives, coupled with appropriate opportunities to advance, helps us retain good employees and improve performance.

The bigger payoff is that it opens doors for smart and dynamic professionals who can move up and across departments when the time is right.

—Andrea Michinski

HIRING AND FIRING

I've been "hiring and firing" for less than three years, so I'm hardly an expert. But a few observations...

On Firing

I hate firing people. It's a really unpleasant job. And it's extremely costly in terms of the wasted effort in training new people and the time it takes to bring each new person up to speed. But there are many stakeholders in this business, from my family to the people who work here to Porter, Mark, Bill, and Myles. To get up the courage to fire someone, I just think of these stakeholders and it motivates me.

I tell myself that the most important goal we can have as a publishing company is an A-grade team. I tell myself that mediocrity is like cancer... or rust. It gradually takes over every part of the business, if you let it.

So we're ruthless about digging out mediocrity whenever we notice it. This has the additional benefit of pushing the remaining team members to become A players.

The bottom line: We never settle for mediocrity, as tempting as it is.

On Hiring

I've found good character is the most important thing to look for... hardworking, passionate, smart, and honest. Experience is not that important and education even less so. We have found the most passionate people come from our lists... from our readers.

These are the people most likely to have a connection with our business and "get it."

—Tom Dyson

THE PIP TOOL FOR AVOIDING SERIOUS MANAGEMENT MISTAKES

If you're new at managing employees, you're going to make some mistakes. The mistakes you want to be sure to avoid are those that could spark a lawsuit. These are the most common:

1. Sloppy Documentation

Managers should provide timely feedback to their employees, positive and negative, on a regular basis. They should document when an employee receives any warning. Records provide a safety net in case comments are ever held before a jury, and should be written as formally and accurately as possible.

2. Not Knowing Policies and Procedures

Managers should be aware of key employment guidelines regarding discrimination and harassment (Title VII), the Family Medical Leave Act (FMLA), wage and hour laws set by the Fair Labor Standards Act (FLSA), and the Americans with Disabilities Act (ADA).

3. Inflated Appraisals and Unwarranted Raises

Performance reviews sometimes inflate employee ratings for irrelevant reasons. It is often done to avoid the awkwardness or opposition that can arise from negative feedback.

Unfortunately, these same inflated appraisals create serious credibility issues if a manager later tries to cite "poor performance" as cause for demotion or termination. We have had instances where a manager gives a bad performance review and a raise at the same time. This sends a mixed message to the employee.

It is important to be direct, honest, and consistent. It is also important to give a raise only if an employee's performance warrants it. Raises are not automatic.

4. Shrugging Off Complaints

Turning a blind eye to employee complaints can cause serious problems. If an employee complains of unfair treatment, he or she has the basis for a potential discrimination claim. Similarly, gripes about unhealthy work-related conditions need to be acknowledged. If they aren't, the Family Medical Leave Act or Americans with Disabilities Act could come into play.

HR or legal can help you determine if it's just "noise" or if you need to do something to correct the problem.

How the PIP Can Help

If an employee is not meeting your expectations, you should provide timely feedback and written warnings. Moreover, you should provide specifics about what they need to do to improve. Most employees change for the better when they understand your expectations. The Performance Improvement Plan (PIP) can help you do this.

Here's the PIP outline...

What is your end goal for the employee?

- Improve performance.
- Correct behavior.
- Provide a second chance before demotion or dismissal.
- Give remedial help.
- Educate or train on a skill not yet acquired.

Then, to develop SMART goals that are *Specific, Measurable, Achievable, Relevant, and Time-oriented*:

- Does the employee understand the expectations of the job?
- Does he/she have a clear understanding of their role in the organization?
- Are you able to articulate what success on the job looks like?
- Are resources available to facilitate the changes you need?
- Have these issues come up in the past?
- How have you previously handled the issues?

And then, after completing the PIP with the employee:

- Have I maintained confidentiality?
- Have I expressed claims in a professional manner?
- Have I filed a copy with HR?

If an employee's performance does not improve after you complete the PIP with them, you can reasonably (and legally) change their employment status.

—Elizabeth Massing

FIVE STEPS TO AN ENDURING COMPETITIVE ADVANTAGE

Stansberry & Associates took off after Mike Palmer built Agora's first franchise-specific copy team. The Oxford Club and Agora Financial did so soon afterwards, quadrupling in size and profitability. Fleet Street Publishing became bigger and stronger after we developed a copy team there. And Australia has done remarkably well with at least four good and experienced copywriters in a small business.

I'm tempted to make a bold statement about this. I'm tempted to say that you will never have a successful business—with an enduring competitive advantage—without building an internal copy machine that cranks out A+ work.

There may be a few exceptions to this. You could, for example, argue that health publishing is an exception. After all, Agora Health has made remarkable progress. After struggling for years at \$10 million and then \$20 million at a 10% profit, they started growing their profits significantly. And Agora Health still relies on outside copywriters.

So it could be said that this "old school" system still works. But if you agree with me that building an in-house copy team is key to building a sustainable business, you have to ask yourself: "How can I do it?"

Happily, we have the formula. And it is easy to understand:

1. Find an A-level copywriter who is willing to head up your copy team. Give him a big incentive to do so.
2. Give him the wherewithal to build the team.
3. Use a three-tiered structure (master copywriters, journeymen, and apprentices) to provide a path for new copywriters to learn and improve.
4. Encourage your copywriters to share ideas and critique one another's work. Use Peer Reviews and CUB Critiques.
5. Give your copywriters strong financial incentives to stay with you.

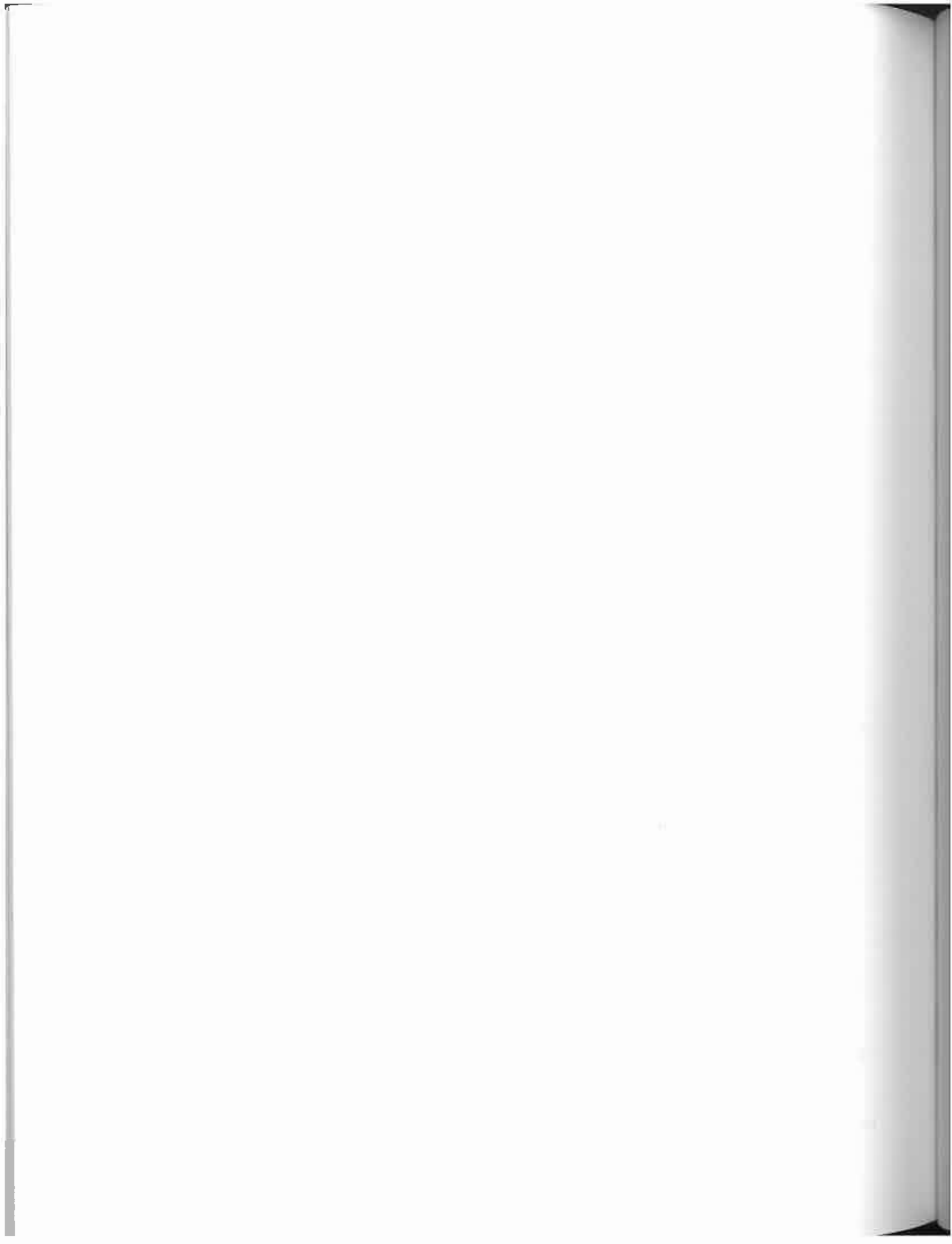
This is, as I said, easy to understand. But it is not easy to do. The hardest part for you will be to find an A-level copywriter who is willing to head up your team. The next-hardest part will be to give him the authority and freedom he needs to do his work.

Other than that, you only have to make sure that the team believes in the systems we have worked so hard to develop. Use the three-tiered structure. Employ the compensation schemes. Insist on the Peer Review and CUB Critique. Insist on the Rule of One and the FK Mandate.

—Mark Morgan Ford

CHAPTER V

SIMPLIFY YOUR DECISION MAKING



— *Snapshot in Time* —

Friday, October 12, 2007

How to Organize an Office

I'm down here in Buenos Aires, and being here I am reminded of how hard it is to set up something from scratch. You need so many pieces to fall into place in order to have an organization that works... and every piece has to be found, trained, and so forth. Technical... administrative... legal... writing... editing... marketing. It takes a lot of time and energy...

Will has an interesting team. They don't have an office (it's being renovated) so they all work from his apartment. They come in... make coffee in the kitchen... and then sit around a dining room table.

They seem very productive... because they are all completely informed all the time. They all talk... all the time... about what they are doing.

A very efficient way to organize an office. Just put everyone around a table... let them work on their laptops... and talk to each other. They don't need to stop for meetings; they're meeting all the time!

—*Bill Bonner*

CRITICAL BUSINESS DECISIONS YOU MUST MAKE

It could be argued that successful Agora publishers are great decision makers. And of the decisions they make, these may be the most important:

1. Who to hire and fire
2. How to incentivize key employees
3. What products to market or discontinue
4. What lists and offers to test

Who to Hire and Fire

We've all had the experience of replacing a good but problematic employee with someone who was great. Stress drops noticeably. Productivity skyrockets. And the business is permanently elevated.

Making hiring and firing decisions is not difficult if you follow two simple rules.

1. Never hire anyone who is merely good. Keep searching until you find someone great.
2. If, during the first 30 days, you are not convinced that the new hire truly is great, fire him. It is always better to replace mediocre employees with great ones.

How to Incentivize Key Employees

I once believed that financial rewards were all you needed to get the best out of your best people. It is a simple idea. Give your key employees lofty but attainable goals. Then attach financial bonuses to achieving them. Do that and you can ignore everything else.

I soon discovered that this does not work for most people. Most people are motivated by less tangible benefits, such as recognition and appreciation and power and prestige.

Over the years, I have been influenced by the way many of our publishers treat their employees. I've noticed that those who have the best people provide many incentives. They pay them well. They also praise and challenge them.

So my current thinking is that the wise Agora publisher will do the following:

- *Provide opportunity.* The most important benefit you can give a great employee is the opportunity to excel. Give your key people the responsibility and authority to achieve their potential.
- *Pay a base compensation that is above the industry average.* You never want your superstars to think

they are underpaid.

- *Give your rainmakers the potential to make tons of money.* Your rainmakers are your profit center managers, product creators, copywriters, and key marketers. They are (or should be) motivated strongly by money.
- *Praise good work publically.* And condemn shoddy work privately.

What Products to Market or Discontinue—and What Lists and Offers to Test

Whom to hire and fire. How to incentivize key employees. These decisions involve discipline and instinct.

But the next two critical decisions are heavily dependent on analytics. On gathering and interpreting marketing data.

A recent article in *Harvard Business Review* points out that CEOs have access to an enormous amount of marketing data. But this data “can be useless, even harmful, unless [they] can incorporate that data into decision making.”

To assess the ability to take advantage of marketing data, a group called the Corporate Executive Board created the “Insight IQ.” Using it, they evaluated 5,000 executives at 22 companies. They then sorted them into three groups:

1. Unquestioning Empiricists: people who trust analysis over judgment
2. Visceral Decision Makers: people who go exclusively with their gut
3. Informed Skeptics: people who balance judgment and analysis

Are You an Informed Skeptic?

You can guess the outcome. Informed Skeptics were deemed best at making key decisions. But only a third of the executives fell into this group. And that’s a problem, the article says. Because “at this very moment there’s an odds-on chance that someone in your organization is making a poor decision on the basis of information that was enormously expensive to collect.”

This rings true.

When I think about the publishers and senior executives I’ve worked with at Agora, I’d say we have a relatively high percentage of Informed Skeptics. But many, if not most, of our middle-level marketers tend to be Unquestioning Empiricists. And too many of our creative people are Visceral Decision Makers.

The article goes on to say, “Companies that want to make better use of the data they gather should focus on three things: training employees to increase their analytic literacy, giving those workers the right tools, and encouraging them to trust their experience.”

It notes, correctly, that workshops aren’t the best way to do that. The best way is coaching. You have to review all key product and marketing decisions. You need to make sure that they are filtered through an informed and yet skeptical mentality.

Yes, we must train our people to pay attention to analytics. But also to be skeptical of results when they contradict their instincts. In other words, **Big Data**—no matter how comprehensive or well analyzed—needs to be complemented by **Big Judgment**.

So...how good are you at making the four types of critical decisions? Take a few minutes right now to rate yourself—and your key employees.

—*Mark Morgan Ford*

THE EMAIL SYSTEM THAT COMPLETELY CHANGED MY LIFE

Last month, I logged into my email account 27 times. That's an average of just less than one time per day. (I don't use email on weekends.)

Each session lasted exactly one hour. And in that time, I processed 2,674 inbound emails. That's an average of 36 seconds per email.

My new system for handling email has been a revelation.

There's the obvious productivity benefit of crunching through 100 emails in one hour. But there's a much bigger benefit: stress reduction.

I used to burden my mind with email tasks, even if I couldn't act on them. For example, I'd check email on my phone while I was on the golf course. There is nothing I could do to fix anything at that point, but I'd still burden my mind with "to dos." I felt like I was being pulled in five different directions every time I checked email while I was doing something else... like I was not in control of my work.

People get out of balance when they see their value as being able to respond quickly. If I see myself as a machine for answering email, then my work life never stops because my email never stops.

If, instead, I see my value as separating the important from the unimportant and making good decisions on the important, I can go home at a reasonable hour. I can spend time with my family, ignore my email and phone messages all weekend long, and make sure that when I return to work I am in the right mood to make the right decisions.

Greater productivity and less stress aren't the only benefits of my new email system. Because I allow myself only one hour in the evening to use email, other healthy routines are sprouting up around it. For example, we always have family dinner at 6:00 p.m. Because I know I'm going to be doing email at 8:15, I'm able to put all my focus and attention on my children for a good two hours. I'm in the present. I'm not getting distracted. And it's forcing my kids into a routine around me.

Then, when I'm finished with email at 9:15, my wife and I are able to spend quality time together.

Also, my desire to write is returning. I've had writer's block for two years. I've been afraid to write because I didn't feel in control of the rest of my workload. Now I see green tubers sprouting where I actually need to write stuff down.

In short, I feel more in control of my life and my work and everything else than I have in a decade.

And here's my secret (because I know I'm weak-willed):

I pay a woman in Texas to control my access to my email account. At 8:15 p.m., she texts me the password to my account. Then at 9:15, she changes the password and logs me out. For another 23 hours, I cannot access my email even if I want to.

The system itself is simple.

During my email hour, I'm doing pure busywork... i.e., there's no real thought involved. I'm not drafting responses, making decisions, etc. I'm processing my inbox and my outbox.

It's fast and hectic and tiring because I'm under a tight deadline, but it's not creative.

So because it's busywork and not creative work, I scheduled my email hour for 8:15 to 9:15, when I'm tired and don't have any creative juices left. I found that processing emails in the morning wasted my best brainpower.

With every email in my inbox, I make a quick decision: action now or action later.

I allow myself no more than 30 seconds per email. If I choose "action now," that means deleting or giving a one-sentence response. Boom. Boom. Boom. I can kill 80% of my inbox like this in about 30 minutes.

The rest of my inbox requires work. Perhaps I have to draft a thoughtful reply. Or I have to review something. Or write something. These emails cannot be dealt with in 30 seconds. So I move them into a notebook program (Evernote) that automatically syncs to my phone, my laptop, my work computer, etc. Then I put a note on my to-do list to remind me to deal with them tomorrow or whenever.

That takes another 15 minutes.

Finally, I process my outbox. These are the emails I've composed (in Evernote) throughout the day at work. I copy and paste them into new emails and send them out.

That's it. When I get to work the next day, I open my to-do list and start calmly working through it, with no distractions and no stress. If I need to send an email, I compose it in Evernote and send it out in my next email session.

My colleagues know not to send me "urgent" emails during the day. If they need something, they come to my office and ask me. If they need me to read something, they print it out or they put it on our shared drive. If I'm not in the office, they call me or text me.

Sometimes I need to make plans or confirm appointments with people for the following day. In these cases, I mention that I won't be checking email the next day. I suggest that, if they can't make the meeting, they should text me or call me.

I've been using this system for 10 weeks now. I haven't had any problems with emails falling through the cracks, dropped work, screw ups, frustrations, etc. It works perfectly. I haven't had a single emergency where I've had to break down and request access to my inbox.

—Tom Dyson

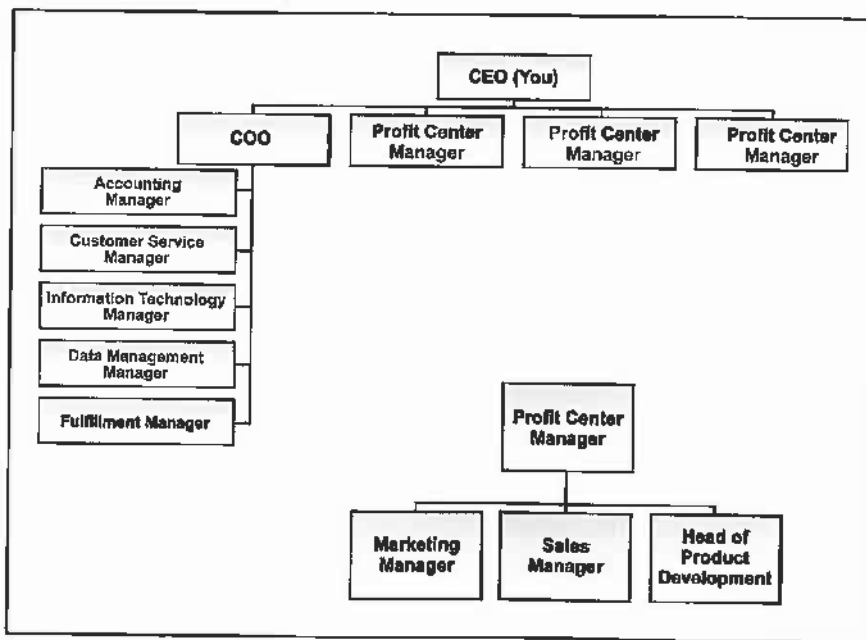
MANAGING OPERATIONS VERSUS PROFIT CENTERS

I've defined Stage Three of business growth as the level at which the business grows from \$10 million to \$50 million in revenues. But the management structures and systems you put in place at that point will carry your business to \$100 million and beyond.

Essentially, this is when you develop an operational core for your business that is rationally organized and professionally managed. The marketing and product-development aspects of the business should still be run entrepreneurially—with innovation and speed as core values and Ready, Fire, Aim as the primary growth methodology.

It's for that reason that I recommend you organize your growing business accordingly, with your operational functions grouped together under a single chief operating officer (COO) and your marketing and product-development activities organized by product lines as separate profit centers.

Take a look at the organization chart below. When you are doing only \$10 million in sales, you will probably have far fewer executives than this chart would indicate. Many of those roles will be taken up by the same people. But as the business grows, the responsibilities will probably break down this way. Having the skeleton of your future business established now will make things easier later.



Why This Structure Works

One advantage of this type of structure is that no one person—including you—has more than six people reporting to him. A second benefit is that 80% of your time can still be devoted to marketing and product development.

A third benefit is that the operational part of the business will be run by operational pros. A fourth benefit is that the future growth of the company will be unimpeded by operations, because profit center managers will be reporting to the CEO (you), not the COO.

I have used this structure, more or less, with every entrepreneurial business I have worked with. What I like about it is its flexibility. Once put into place, it can accommodate continued growth. So long as they communicate with the COO, the profit center managers are free to pump out new products and create new sales. Given fair warning, the COO can staff up the operational divisions to accommodate that growth.

Sometimes profit center managers are not happy with the support they are getting from the centralized core. Usually, the complaint is that they believe they can get better, faster, or cheaper service from an outside vendor.

At Agora, we deal with this by following a free-market-based management style—which is to say, we tell them, "Except for cash controls and legal review, you are free to move outside if you want."

We tell them that, but we also warn them that they will probably be better off relying on corporate services for their operational needs. New vendors may fill their heads with happy ideas about cutting costs and speeding up transactions, but such changes generally result in more expense, more wasted time, and a big increase in stress for everybody.

There are exceptions, and that is why we prefer not to dictate policy, except for cash flow and legal review. But as a general rule I've found that a well-managed internal staff is the way to go for anything and everything that affects the service the customer receives.

There are other structures that would work. This is just one that has worked for me. The important point is that Stage Three is the time when you have to restructure your entrepreneurial company.

Those changes will contradict much of what you have been doing to stimulate growth, so you must find some way to (1) separate the growth side of your business from the control side of your business and (2) connect the two so they can both function to support one another as you grow.

Of course, no structure or system can possibly be better than the person who is in charge of it. To change your business for Stage Three growth, you have to:

- Change yourself.
- And then change or hire great people to run your business operations.

Let Your Managers Manage

Putting a chart of your new structure on the wall will not make any difference if you don't respect it. Respecting it means letting your managers run their areas of responsibility. A sure sign that you are violating this structure: One of their subordinates is regularly speaking to you.

In addition to giving your managers authority that is equal to their responsibility, you should be spending 80% of your time with your marketing manager and only 20% with all the others.

There are two reasons for this:

1. Marketing is and always will be your main job.
2. You know—and should always know—much more about marketing than anything else.

Sit down with your managers and explain your objectives. Tell them that you will give them all the support you can, so long as they support your goals. Meet with each one individually to work out how often you should meet and what kind of reporting you would like from them. Except for the marketing manager, you shouldn't be meeting with any of them more than once a week, and those meetings shouldn't last more than 30 minutes.

You may find that you have strong instincts about operations and accounting. Give those instincts less credit than you do your marketing ideas. Remember that you have no experience whatsoever managing a business of this size. The person you hired to be your chief operating officer (COO) has that experience, so let it be used.

Set objectives with your operations managers that dovetail with your goals. Discuss what information you need and what information might be needed by others. Design reports, but err on the side of economy. You don't want to waste their valuable and expensive time running calculations that will never be studied. If they are going to go to the trouble of providing you with information, read it and respond.

—Mark Morgan Ford

REPORTS: THE RULE OF THREE NUMBERS

After years of getting both too few and too many reports from managers, I have settled on what I think is the right number. That number is three.

The idea is that each manager should be required to give you only three numbers every month. He may give other people more information, if that is needed, but should send only three numbers to you. These three numbers represent what I believe are the three most important indicators of a manager's work, the three measurements that best indicate his department's progress toward its ultimate goals.

When you speak to a profit center manager, for example, you will want to know revenues, profits, and—depending on the business—deferred income or inventory. From customer service managers, you will want to know the number of problems addressed, the percentages that were solved, and the amount of time it took to solve them.

When you get a report from a fulfillment manager, you will want to know how many products were delivered, how long it took to deliver each one, and how much it cost. And from a marketing manager, you will want to know how many new subscribers they have acquired, how much those subscribers are spending with you, and how many refunds they've had to process.

I recommend limiting these reports to three apiece because you will probably have six or seven people reporting to you. It is not feasible to pay attention to more than 21 numbers each month, so why try?

If you want to dig deeper than that, you can simply call them up and ask them more questions. You're likely to want to get into more detail with your marketing manager, because you will understand his numbers better and can often push the conversation further by asking for more data. But for the operational aspects of the business, your concise, three-number reports are usually all you'll need. They'll give you the vital statistics—and those will be enough to stimulate the conversations you'll want to have.

Reading six or seven reports, however short, each month is not my idea of fun. But I don't believe it's possible to lead a business through Stage Three unless you do.

I have had partners—many partners—who felt it was okay to ask for operational reports and never read them. But doing that sends a very destructive message. It tells your operational managers that the work they do isn't as important as the work you do—that their work is so unimportant, in fact, that you don't need to pay attention to it.

If I were an operational manager reporting to someone who felt that way, I'd have a hard time caring much about the business. I might try to ignore the insult and carry on, but I would find it increasingly difficult to care

about achieving the company's goals.

If the head of the company didn't think my work mattered, why shouldn't I just take it easy? What would be the worst thing that could happen? That things would go south and he would realize he was wrong?

The only thing worse than an entrepreneur who neglects his managing executives is one who pays attention to them only when they err. Again, I have known many business owners who behaved this way—and what usually happened was that their neglected and abused managers became very good at covering up mistakes or blaming them on others.

—Mark Morgan Ford

BOTTLENECKS, BUREAUCRACIES, AND POLITICS

You know how to sell. You are great at producing new products. You have staffed your business with superstars to stimulate further growth and with other stars and superstars to manage that growth. Everything is in place to grow your revenues to \$100 million and beyond.

Yes, the sky's the limit now. But sometime during this third stage of business growth, between \$10 million and \$50 million in annual revenues, the structures and systems that you set up to promote and allow growth may begin to grind against one another. So although you've hired a COO to run the operational side of the business, you will have to stay involved on an as-needed basis to readjust the cogs when you hear that grinding noise and ensure that the machine is running smoothly.

During the first two stages of your business's growth, you sped things up. Using the Ready, Fire, Aim approach, you discovered how to break into a new market and sell a front-end product successfully. You also changed your business so that it could pump out new products as fast as the market could take them.

All that innovation and speed created pressure. And you relieved that pressure by making your business more structured. You created an operational core. You groomed and/or hired professional managers. You urged those new managers to implement new procedures, protocols, and processes, and you stepped back and let them do their thing.

And you have noticed the difference. The chaos that was such a normal part of the day-to-day environment for some years has gradually disappeared. Orders are now processed more quickly. Products are delivered on time. Customer complaints have decreased. The business is humming.

But watch out, because the pendulum is now swinging the other way. And if you don't intervene, your business may swing off balance.

Yes, establishing all the organizational systems and procedures was necessary to provide a basis for further growth. But now that they are in place, there is also in place a tendency toward bottlenecks, bureaucracy, and politics.

These are the primary viruses that affect a Stage Three business. Yours will probably experience them too—however unlikely that seems to you now. I remember very well how surprised I was each time one of the businesses I was involved with developed these bugs.

During the first two stages, everything was always so Ready, Fire, Aim and everybody was so gung ho. It seemed impossible that we could succumb to those typical corporate diseases. But we did, time and time again. Finally, I had to accept it as a natural and inevitable phase of growth. They are destructive bugs, to be

sure, but they can be exterminated.

Let's define our terms:

1. Bottlenecks are people or procedures that slow things down.
2. Bureaucracy is any protocol that exists independent of the core purpose of the business.
3. Politics is the destructive dynamic created when people pay more attention to power than profit.

1. Bottlenecks

The most obvious example of bottlenecking is in the legal compliance area. Many entrepreneurial businesses go through their first two stages with nary a nod to regulatory formalities. Somewhere along the line, legal questions arise. Then, as the organization becomes more corporate, vetting procedures are instituted to ensure that its products and marketing are not problematic. This is all good. As your business grows, it becomes more valuable. The more valuable it is, the more protection it needs.

The easiest and most common way to handle compliance issues is for you to send out a short memo saying, "From now on all new products and marketing have to be approved by the legal department."

But if that's all you do, the bottlenecking will begin almost immediately. To remedy that situation, you will have to speak to your legal counsel about streamlining the process by educating your marketers, developers, and salespeople—and by training legal associates, if necessary—to handle the traffic.

Compliance is not always a cut-and-dried, black-or-white process. Every industry is plagued by regulations that are obscure, overlapping, and even contradictory. And the regulations themselves don't matter nearly as much as the current practice of enforcement.

You will have to get personally involved in the process, at least in the beginning. You'll have to become very familiar with the issues and you'll have to monitor your compliance team in action.

You may be upset to find that the process is stricter than it needs to be, or you may be alarmed because it seems too liberal. Your job will be to steer everybody along a sensible course that provides the protection you need without slowing down the process too much.

If you can think on your feet, you can make regulations work in your favor. Remember that every restriction you face is also limiting your direct competition. If you can figure out a clever way to follow the regulation without diminishing your production and sales capacity, you will be that much ahead.

That's how I look at legal obstacles—as nothing more than opportunities to make products and promotions more creative.

Other Bottlenecks

There are many other areas of your business where you can experience bottlenecks. They can, in fact, occur almost anywhere—and that is what is so troublesome about them. You can have bottlenecks in the accounting

department that slow down project development or inhibit sales operations. You can have bottlenecks in the data input department that will result in all kinds of subsequent delays. Information technology is, next to legal compliance, probably the most notorious place for bottlenecks.

But you can also have bottlenecks within the Ready, Fire, Aim side of your business—usually in the quality control functions for product development or the editing and amending functions of marketing.

All bottlenecks are bad for business, and you should eliminate them. Like legal compliance bottlenecks, you can fix them by intervention.

You have the financial power to approve additional technical support if necessary. You also have the leadership power to demand that your teams work together and come up with creative solutions.

Whatever you do, don't accept the argument that bottlenecks can't be fixed.

The Invisible Bottleneck

The good thing about bottlenecks is that you usually hear about them quickly. The employees who are frustrated by them will find a way to let you know what's going on. If you are smart, you will jump in and get things going, and that will be that.

But there is one kind of bottleneck you may not hear about because everyone's afraid to tell you or because everyone is so accustomed to it. That bottleneck is you.

Some years ago, I led an exclusive business-building retreat where 30 entrepreneurs from all over the world spent four days with me talking about strategies to get their businesses to the next level.

Of the 30 entrepreneurs who attended, 27 had businesses that were squarely in one of the first stages of growth. Three had more substantial businesses, at or around the \$25 million mark. They had lots of valuable experience and ideas to contribute to our group discussions. And two of them were happy to explain their businesses to us in some detail and submit themselves to a lot of pointed questions.

Those two entrepreneurs had accomplished most of what all the other attendees were still trying to accomplish. Yet they were there to learn as well as teach, because their businesses weren't growing anymore and they were looking for ideas to jumpstart them again.

I was confident that the retreat would be helpful for the other attendees—that, as a group, we would come up with many good and useful ideas for them. And we did. But these two men had stable, highly profitable, Stage Three businesses. Could we come up with anything that would be helpful for them?

Yes. In fact, we had the same recommendation for both of them—one suggestion that could easily have been the most valuable of all that were given at the retreat.

It was as simple as it was powerful: Get out of the way!

Get Out of the Way?

Listening to these two entrepreneurs was inspiring. They had each started with nothing but an idea, struggled in the early years, and then hit on a product that sold well. They then built their businesses on that success with care and lots of attention.

They were hard workers, and they were proud of the products they were providing to their customers. They surrounded themselves with superstars and developed business structures that could accommodate growth. But they were so involved in the day-to-day aspects of their businesses that they became the bottleneck!

One was insistent on inspecting and refining the quality of every product. The other was determined to have all the advertising and sales efforts cleared through his office. The fact that their businesses had grown as large as they had was a testament to how much work these two men could do.

But by their own admission, it was clear that they could do no more.

It took courage for the other attendees, entrepreneurs who hadn't yet done what these two had done, to speak up. But after the first one made the observation, the others followed. By the end of that session, these two strong-minded businessmen could not deny what was evident: They were interfering with their own business growth.

Since it is unlikely that your employees will tell you if you are the bottleneck in your company, you will have to find out for yourself. There are two simple ways to do that.

The first way is to take a look at how you spend your time and see if you are doing any quality-control sort of activities.

As the leader of a Stage Three business, you will certainly want to have some final say over some things. But you should by now have in place qualified and capable people to do most of that work for you. If you are spending more than an hour a day doing that kind of work, you are probably bottlenecking progress.

Figure out who could take on some of that work for you, and train that person to do it. Remember that you are not looking for someone to do it the same as you do it. You are looking for someone to do it better than you do it, even if he does it differently.

The other way you can find out if you are bottlenecking your business is to ask. But ask in a way that is likely to get a response. Call a meeting of your top people, tell them that you are committed to eliminating all bottlenecks, and say that you suspect you may be acting as a bottleneck somewhere.

Ask them: "What can I delegate or stop doing entirely that would make your lives easier or our business run smoother?"

You might get some surprising suggestions.

2. Bureaucracy

Bottlenecks are pretty easy to spot. Bureaucracy is not. Bottlenecks will frustrate your best people, and they will tell you about them. Bureaucracy is often invisible to them. The problem with bureaucracy and the reason it is so prevalent is that it creeps into an organization slowly, in tiny, incremental degradations.

If bottlenecks are blood clots, bureaucracy is hardening of the arteries. Both can kill you, but one is treated after it occurs, the other by preventive medicine.

To prevent bureaucracy from clogging up the arteries of your business, you should establish a business fitness program almost as soon as you install your professional managers. Start by establishing and promoting a culture of efficiency. Remind your managers that you are all working in the service of your customers. Ask them to help the business do a better job.

Explain that every unnecessary action is taking away something good that could be given to the customer. Tell them that the systems and procedures that have been set in place are there to speed up and improve things, but that sometimes systems and procedures become obsolete. Ask them to help you identify obsolete practices so you can replace them with practices that are more efficient.

Be on the alert for bureaucracy buffs—managers who have an unhealthy attraction to formalities—and help them understand the mission or let them go.

Buddy, an expert in organizational systems, was hired by one of my partners to act as chief operations officer for what was then a \$10 million business. The first thing Buddy did was to send out a memo dictating how all future memos would be written.

He was specific about how to format memos, and about the type font and point size of the boilerplate copy. He was particularly insistent on all employees observing standards regarding the size of their names. Regular employees should print their names in 10-point type, lower-level managers in 11-point type, middle managers in 12-point type, and so forth.

Buddy had a lot of good ideas about personal productivity. But his penchant for protocol was over the top. Issuing that first memo on memos was a bad omen.

Several weeks later, when he sent out another memo insisting on a uniform desktop code (all desks were to have only four things on top of them: an inbox, an outbox, a nameplate—all company issued—and the one piece of paper that was being worked on at the time), his tenure as COO ended.

3. Office Politics

Bureaucrats can be mean-spirited. But usually they are just overly enthusiastic organizers who lose sight of their role. Office politicians are much worse. They are people who harbor very bad and destructive ideas about how to get ahead. If you don't root them out of your business, they will destroy it.

If bottlenecks are blood clots and bureaucracy is hardening of the arteries, office politics is cancer.

Not all politicians are evil. Some are just plain naïve. But I have difficulty with any political activity, because it is fundamentally flawed. Politics is based on power. And power, as we know, corrupts.

Politics is, in many ways, the opposite of business. And in almost every comparison, it is inferior.

Ostensibly, politics and business have the same purpose: to make the world a better place. But there is a big difference. Politicians can't start doing good until they get their power. Businesspeople can't get their profits until they do their good.

Many politicians, driven to do the good thing, would be willing to deceive voters (if necessary) in order to acquire the power they need to enable citizens to experience that good. It is an inevitable outgrowth of the political system. So long as you believe you know what is best for the world, you can't be a politician and avoid this. Sooner or later you are going to be given a choice: Lie now and do good later, or be honest now and lose the power to do good.

Business is fundamentally better than politics because, in business, you don't pretend to know what is good for the world. You may have an idea about making the world a better place, but no one forces people to buy it. If you are wrong about your idea, the world ignores it. You realize (unless you are a foolish businessperson) that the idea you thought was good is actually bad. So you stop trying to sell it.

If you happen to be right about your idea about making the world a better place, the world rewards you by paying you money for it. And that money makes its way through your business, paying off operating and production expenses and eventually settling below the bottom line as profit.

That profit is the measure of the good you've done. And that's why profit is so important. It forces everybody to pay attention to the ultimate purpose of the business, which is to provide benefits to its customers.

How Political Employees Will Hurt You

What does this have to do with office politics?

Just this: People who think politically believe in power. They don't feel comfortable operating in a free market, because they don't have the confidence to compete in it. Lacking that confidence, they want to control it. They seek to gain that control with political maneuvers.

Political employees will corrupt your business in two ways.

1. Internally, they will screw things up by setting agendas that are about amassing personal power rather than about generating benefits for your customers.
2. Externally, they will hurt your business by trying to control the competition. They will spend their time fighting to control things they cannot ultimately control, and worrying about market share when they should be helping you create and sell new ideas.

To prevent political employees from damaging your business, you should recognize who they are and reform them or get rid of them. (They will often be managers who seem very good to you precisely because they are political.)

I have had good success reforming former politicians, I am happy to say. I think that is because the political life is an unhappy one. If you can show them a better way, they are grateful to take it.

Here are some signs of the political personality:

- They come to you to complain about people rather than to discuss problems and ideas.
- They jealously guard their titles, their prestige, and the products they are in charge of.
- They want you to prevent other managers from encroaching on their "territory."
- They play favorites, and their favorites are those who support them.
- They want their employees to be loyal to them, not to the customer.
- They punish perceived acts of disloyalty, usually by firing or freezing out the offending party.
- They are supportive of you—to your face. But you wonder if they embrace your vision of the business.
- They tend to hire employees who are good at following orders.
- They almost never hire people who are better than they are at something.

The Solution

The best way to rid your business of the corrupting effect of politics is to eradicate power mongering wherever you find it.

You can do that by intervention—but that is messy and difficult, because politicians are very good at rationalizing their power plays.

A better way to destroy the spread of this cancer is to destroy the environment in which it operates. That environment is control. The opposite of control is freedom. The more freedom you establish in your business, the more difficult it will be for politics to thrive and spread.

Freedom means giving your profit center managers and creative people the opportunity to compete with one another in an environment where information is shared and restrictions on product development and marketing are limited. Rather than using your time and intelligence to try to separate and regulate product line barriers, teach your people that, over the long run, they are better off if they are free to learn from one another and compete with each other.

What I'm suggesting is that you take a laissez-faire attitude toward product development and marketing. Some business gurus call this free-market management. Free-market-based management doesn't mean there are no rules or standards. It means that you apply the common standards that exist in all free markets.

When your stronger profit center executives complain that weaker ones are not contributing their fair share, tell them not to worry about fair. Tell them to worry about coming up with the next great idea for your customers.

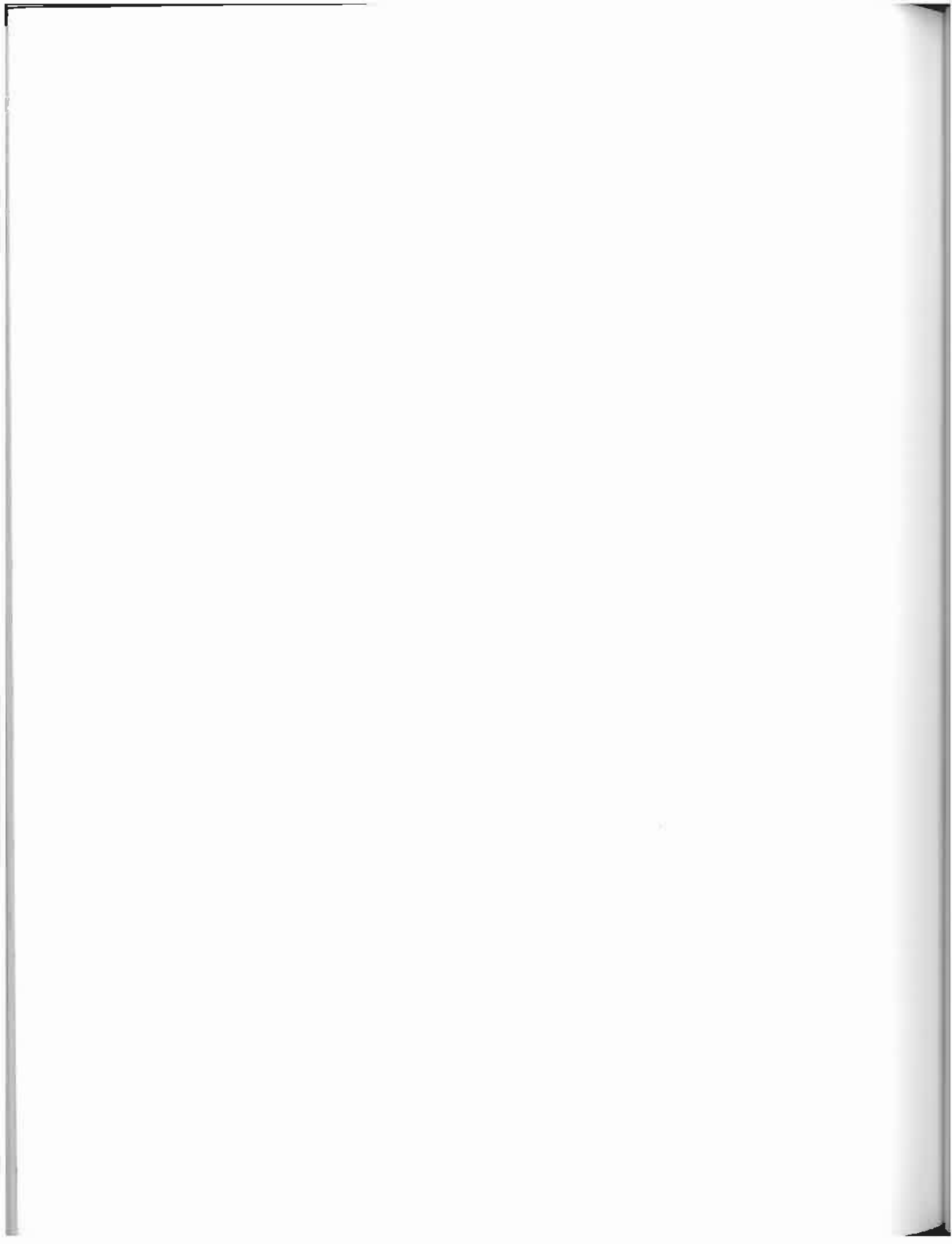
As your Stage Three business grows, you will find that your stronger profit centers will thrive in this environment while the weaker ones will fail. That shouldn't worry you. It is exactly what you want. You want the growth side of your business to be evolutionary, where the strong survive and the weak extinguish themselves.

In promoting competition, watch out for any effort to curb or control information. Some managers will want to protect their positions by keeping secrets and setting up barriers to make it difficult for their internal competitors to catch up. Your job will be to make sure those secrets are widely known and to reduce or eliminate those barriers.

This isn't something that can be done once and then forgotten about. It requires constant maintenance. You must keep reminding your people to stay focused on the next great product idea or marketing strategy.

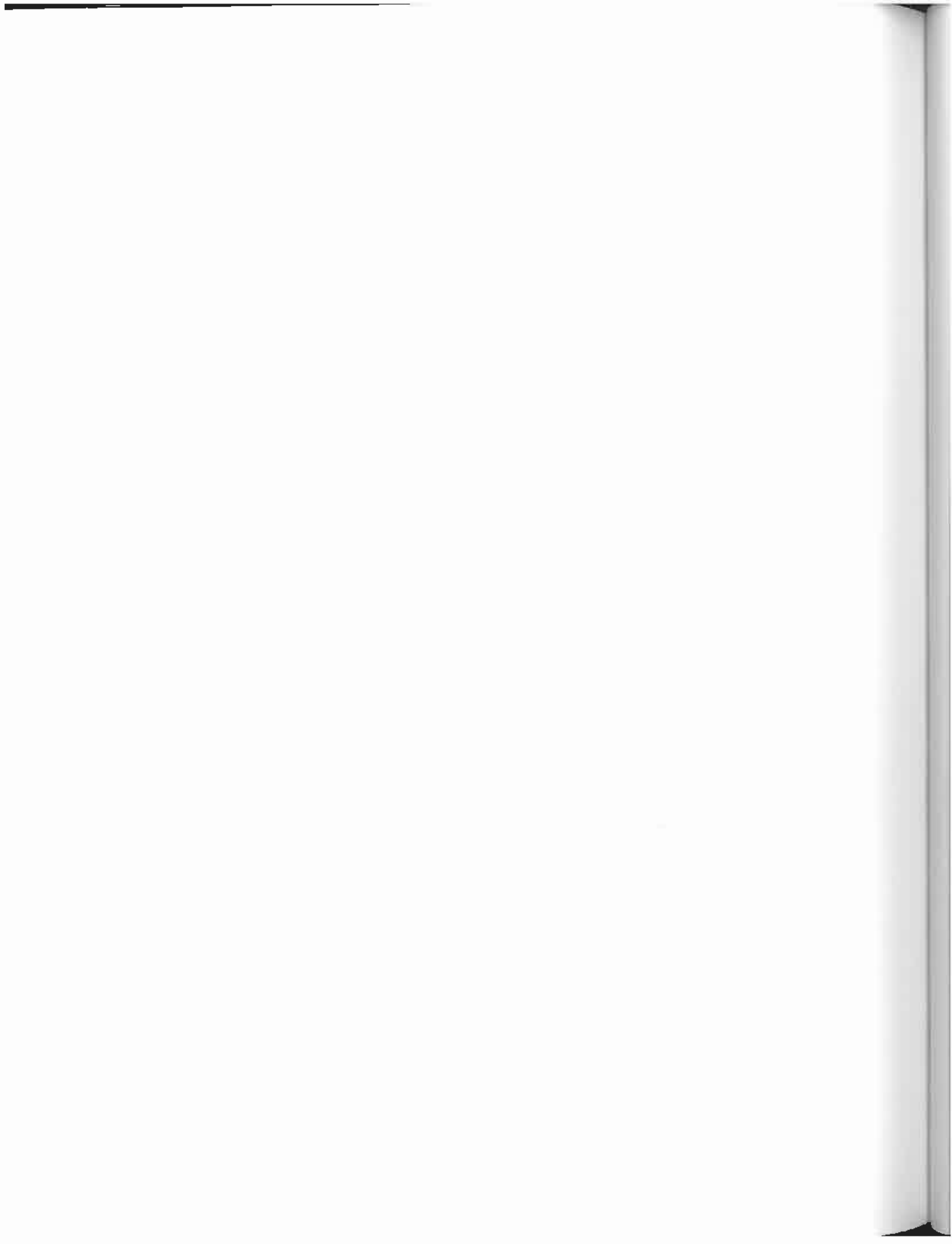
The main thing you can do is keep preaching the gospel: "Our mission is to create new and better products for our customers." Everything your people do, internally or externally, must be to achieve that end.

—*Mark Morgan Ford*



CHAPTER VI

CORPORATE-STYLE LEADERSHIP



THIS WILL NOT BE EASY

For years, you've been considered a guru of sorts. You were perhaps a persuasive copywriter or judicious editor. However, your entrepreneurial drive and willingness to learn has caught the eyes of the decision makers.

Now your smarts are needed in a different capacity at our ever-growing company.

Congratulations, you have become a publisher.

What does this mean? You are now essentially a chief executive officer responsible for a multimillion-dollar budget, with 20 to 100 people looking to you for leadership and anxiously waiting to hear your vision for the future of your business.

Stressed?

Don't be. You have this position because it is within your ability to carry out this challenging task.

You are probably inclined to follow the values and techniques of past leaders. However, if you want to take your business to the next level, you can't just follow what others have done.

There is no perfect formula for effective leadership.

There are leaders who thrive by being flexible, while others manage to do just fine by being rigid. One thing is for sure, though. You will benefit from developing your own style.

You can start doing this immediately by focusing on the following three things:

1. Hire Good People, Fire Bad People.

Simple, right? Wrong.

Hiring good people is going to take time and patience.

You must first map out the characteristics and skills needed for each open position and be flexible as to how the right person will be introduced to you. Sometimes the best employees find their way to you in unconventional ways.

Always be on the lookout for top talent. First look internally and then outside for professionals who will "get"

the financial publishing industry. It takes time. Do not settle.

One of the hardest parts of being a publisher is finding yourself across from someone and telling them they will no longer be employed at your company. Don't believe those who say it gets easier. It is always hard.

In fact, the only way that you can limit your exposure to this situation is by doing your best to hire the right people. Try to find people who show exceptional promise.

The longer you hold on to a mediocre employee, the further your credibility as a leader will diminish. Employees know who the "bad apples" are and they are waiting for you to do something about it.

In many cases, the "bad apple" expects to be fired and even cooperates with the process. He will then be free to find a job that he enjoys and where he can experience more success.

Michael Bloomberg was fired from Salomon Brothers and Oprah Winfrey was fired from TV news before they became the successes we know today.

So, yes, it will hurt them and you at first. But always remember that you are not ruining a life.

It will help if you spend quality time with new employees and set clear expectations. Your guidance will make it a lot easier to hold people accountable. Employees like to know where they stand. They want to work for a leader who is consistent and who gives advice on how they can be more productive.

This orientation takes time and more thought than most people put into it. But ask yourself the following question: What are the top three things this employee can do to help drive the business?

Figuring this out will help you lead with metrics that assess employees in a useful manner.

2. Remember That Culture Is King.

Let me explain. I am not talking about a relaxed dress code, an open-door policy, or long lunch breaks. What I am talking about is holding your people to a higher standard. After all, your people drive your revenue.

When I refer to culture, I am referring to a set of ethics that you expect your employees to share. As a leader, you need to design a code that forms the fabric of your group. That is how employees can hold themselves accountable and understand that the overall success of the business is also that of their own.

Creating a unified culture where employees share a common interest is no easy task. It will take time. But once done, you will find yourself with a more productive and creative team.

3. Communicate Your Values.

Yes, values. Like accountability, courage, and trust. Make sure your people understand what you expect of them.

Let them know that you trust they will meet your expectations. If they don't, give them a chance to change. If

they do not change after sufficient warning... then you apply the courage it takes to fire them.

What I have laid out here is but a fraction of your job. I get that. You now have a difficult role. But in order to become a successful publisher, you have to understand what you signed up for.

—*Ted Capshaw*

SIX CORPORATE-STYLE LEADERSHIP SKILLS YOU MUST DEVELOP

There are at least six skills you have to develop in order to run a growing Stage Three business:

1. Controlling operations
2. Managing your managers
3. Communicating your vision
4. Networking for joint ventures
5. Negotiating deals
6. Maintaining innovation

1. Controlling Operations

The secret to controlling operations as your business continues to grow is to (1) structure it for growth and (2) hire professional managers.

My preferred structure is one that keeps you at the helm but frees you up from micromanaging operations so you can focus on product development and marketing.

The best way to do that is to break your business into two parts: an operations core that is controlled by a chief operating officer (COO) and a group of profit centers run by salaried "intrapreneurs" who report to you.

What's an intrapreneur?

Entrepreneurs do not make good employees. They don't like working for other people. They don't like following directions. And they are unhappy with their compensation, no matter what it is, because they believe they could be making more if they were on their own, running their own businesses.

If you manage to hire an entrepreneur, he will eventually leave you. Usually, it will be when the profit center he is in charge of is doing very well. And if he can possibly get away with it, he will take that business with him.

Intrapreneurs are entirely different. Like entrepreneurs, they like to be in charge. But, unlike entrepreneurs, they don't mind taking direction (as long as it is suggested and not dictated), and they are reluctant to go off on their own so long as they feel that they are being reasonably compensated.

The only chance you have of hiring entrepreneurs is when they are down on their luck. Often, that is because

they have lost touch with the market. In other words, if you do manage to persuade an entrepreneur to work for you, you will be hiring someone who may not be able to do what you are hiring him to do. And if he does do it, he will eventually take it away from you.

Intrapreneurs are easy to find. They are entry-level and middle-level people whom you hire as employees. When they start working for you, they don't realize that they have what it takes to build your business. They are simply happy to have a good job, and they distinguish themselves immediately by their positive attitude and work ethic.

2. Managing Your Managers

To head up your operational group, you must find a very competent, very professional person who will be both flexible enough to embrace your vision for growth and also strict enough to institute and manage the systems needed to run all your operations.

Individuals who are capable of doing this are hard to come by, but they can be found if you look in the right places. The best COO types that I have found have been working successfully as business managers—often in accounting, but also in other operational areas—for mostly larger, established corporations.

You can find them through the conventional routes: placing ads in trade magazines, working with executive brokerages, and putting the word out at trade shows and conferences.

Because you want flexibility and loyalty from your COO, you have to take time during the hiring process to find out whether you have a good rapport with the candidate. Don't make the mistake of thinking that because you need someone strong you should hire someone who likes to say no to you. The best personality is someone flexible enough to say yes on the big issues and no on the small ones.

This brings up the subject of your own flexibility. Having been the chief cook and bottle washer for your business since its inception, you may have gotten away with dictating the details. And you may have done a good job of it so far. But as your business grows to \$50 million and then to \$75 million and then to \$100 million and beyond, you won't want to be dealing with the hundreds of smaller decisions that continuously crop up.

To run a business of that size, you have to be willing to let your managers make the management decisions. You tell them what you ultimately want done... but let them figure out how to do it. You have to develop the mental flexibility to accept the fact that there are many ways to skin a cat. Just because it's not your way doesn't mean it is not a good way.

It is also important to curb your instinct to correct mistakes. And never correct your managers in front of their people. If you discover a mistake during a group meeting, resist the temptation to express your dismay then and there. Ask the responsible manager to stay behind and talk about it in person, just the two of you.

I've found that criticism is more effective when it is expressed after something positive has been said, and when it is phrased as a question rather than a declaration. Instead of saying, "I think it was wrong to spend \$16 on that cog," it is better to ask, "Why did you think it was necessary to spend \$16 on that cog?"

Phrasing your concern as a question does not obscure its clarity or diminish its force, but it does allow the other person to respond positively rather than defensively. And, occasionally, you will avoid embarrassing yourself because, occasionally, you will get a good answer.

3. Communicating Your Vision

Because you are so far removed from the rank and file during Stage Three of business development, it is highly likely that your most important ideas about how the business should be run will be muted or blunted or distorted as they work their way down the communication chain.

Since it is imperative for everyone to understand your main ideas about the business, you must develop good corporate communication skills. These, like corporate management skills, are different from the skills needed when the business was smaller.

One way to get your messages across is to spend a lot of time walking around your offices and talking to people. This is a practice that is highly recommended by some keep-it-small business gurus. It is not, however, something that I would recommend.

Having conversations with your subordinates' subordinates is likely to cause more confusion than clarity. And it might also undermine your managers' authority, especially if rank-and-file employees feel they can skip over their bosses to talk to you.

I recommend a more formal approach: sending out regular memos to all your employees to update them on major changes in the business and upcoming plans, and to explain how these changes and plans reflect your overall vision.

With your profit center teams, you can (and should) communicate more frequently and more directly. Establish regular (weekly or monthly) marketing and product-development brainstorming sessions, and use them to teach principles and practices that you have been thinking about.

Again, you must leave the management of the profit centers to the profit center managers. Your role is to act as a sort of expert consultant. Make suggestions. Point out problems, but let the team figure out the answers.

Never use interoffice email to criticize, condemn, or complain. Those difficult conversations must be had in person. Email is an excellent vehicle for good news, though, because it is fast and can be widely disseminated. And every once in a while, try a personal, handwritten note to your key people, reminding them of why you trust them and are counting on them to continue to build your business.

4. Networking for Joint Ventures

When your business reaches a certain size, you will find that you will be doing lots of networking with colleagues—and even competitors—that could lead to joint-venture opportunities. Some of these opportunities will be substantial, and some will be small. Some will dovetail well with what you are already doing, and some will not.

The most important consideration is the long-term potential of the relationship, not what your partner might be bringing to the table or how much you will benefit.

When I meet with a new colleague who is bright and ambitious, I usually ask, "How can we work together?"—even if I doubt that there is any chance we can. My goal is not to make an immediately profitable deal. It is to start a relationship with a good person who might, at some time, provide me with a substantial opportunity to profit.

Taking a long-term view of business deals is a smart strategy, because it results in long-term growth. I am happy to make less on a deal—or even make nothing at all—so long as I think something good may be coming to me later.

Lots of businesspeople I know don't agree with this. They believe that good business deals are those where they make more than their joint-venture partners. In making deals, they like to push for the best deal they can. They think that proves they are superior negotiators, but all it really does is plant a bad seed in fertile ground.

My rule for joint-venture deals is that I'd rather be the screwee than the screwer. I don't make deals that put me in a position to lose money. But I am happy to break even if it makes my joint-venture partner happy. I know that the more happy partners I have, the more good deals will come to me.

5. Negotiating Deals

Many books have been written about the art of negotiating. When I was a young man, I read those books and was impressed with the many tough and clever ways there are to get what you want. I was never very good at using those techniques, though, because I never liked the way I felt when I was doing it.

But I did admire them. And I admired people who were natural negotiators, because they seemed capable of getting just about anything they wanted. I, on the other hand, felt like I was taking what was given.

That's how I felt then. Now I'm glad I never mastered those techniques, because I have discovered a much simpler, more elegant, and immensely more effective negotiating tactic.

I learned how to use it by watching Bill use it dozens of times over many years. It goes like this:

Business colleague: "So, what do you think it's worth?"

Bill: "I don't know, what do you think it's worth?"

Business colleague: "I was thinking maybe \$500,000."

At this point, Bill responds in one of two ways. Either he says "That seems fair to me," and the deal is done. Or he says "Gee, I don't think I can afford that," and that's the end of it.

He has been making deals like this for as long as I've known him, and I have to say he is the best negotiator I have ever met.

Let me tell you why.

Bill understands some very important truths about the art of making a good deal:

- A good deal is one that lasts.
- Once a deal goes bad for one partner, it goes bad for the other one.
- It is almost impossible to hold a partner in a bad deal if he really doesn't want to stay with it.
- Legal words on paper have value—but that value lies in protecting you from getting screwed, not permitting you to screw your partner.
- What is fair isn't a single point; it's a range. Trying to get exactly what you want is a childish game.
- Situations change over time. Partners do too. Fairness shifts accordingly.

Because Bill understands these truths, he knows he doesn't have to fight for position. He goes into a negotiation with a good idea of what is acceptable to him. He knows what he'd like to get (i.e., the upper limit of the range of what is fair, from his point of view) and what he would accept (i.e., the lower limit of that range). If his negotiating partner suggests a deal that falls somewhere within that range, he doesn't haggle.

By quickly accepting the offered deal, Bill recognizes that his future partner might think he initially offered too much and try to come back with a less generous offer. But if that happens, it tells Bill something very important: that he's negotiating with someone who doesn't have character—someone he wouldn't want to work with. So he simply says, "No, I don't think I can afford that." And that puts an end to what would have turned out to be a bad relationship.

In getting the other person to put a dollar amount on the deal, he puts himself in the position of being happily surprised. The offered deal might be at the top of the range that Bill had already decided would be acceptable to him. Or it might be above it. If it is above his predetermined range, he can choose to accept it or to offer to take less. Why would he offer to take less? Because when he does, he astonishes his future partner with his sense of fairness and instantly wins his trust.

Another great benefit of this simple approach is that nobody ever thinks of Bill as a good negotiator. Because he has a reputation for being so easy, people come to him frequently with deals.

And when they agree on terms, his partners feel very confident that they haven't been fleeced—because Bill is not, after all, a "good negotiator." And if all that weren't enough, his technique has one final benefit: As far as I know, nobody who has ever made a deal with him has ever said anything bad about him.

This is in stark contrast to my first business partner, who was an extremely bright man and an amazingly powerful negotiator. His intelligence and sophistication at negotiating landed him many favorable deals. And because of his skills, he was known, industry-wide, as the toughest negotiator in the business.

But his objective was always to make the best deal possible for himself. The more he got, the better he liked it. As a consequence, he made many deals that turned out to be lopsided in his favor. Not only were the benefits he derived from these deals short-term, but his tactics eventually backfired. There were just too many people in our industry who felt like he had taken them for a ride.

The interesting thing was that he never treated his friends or me like that. Whenever it came time to negotiate

with him for my compensation, for example, he took an approach that was much closer to Bill's. As a result, I was always loyal to him. (And I made him a ton of money.)

In making the case for Bill's negotiating technique, I have to remind you that it will not work for you unless you prepare, beforehand, by figuring out a range of what would be acceptable to you. Too often, people go into negotiations with no idea of what they want or what they think is fair. They just jump in and see where the conversation takes them.

6. Maintaining Innovation

It's not enough to make speeches about embracing change. You have to demonstrate it for your employees. As problems mount, you must keep your cool. Criticize the mistake, but praise the mistake maker. "Thank you for bringing this mistake to my attention," you should say. "Now come back with a plan to prevent it from happening in the future."

Teach your employees to share what they have learned with each other. Let them know that errors and failures are inevitable for a growing company. Challenge them to be open about problems and challenges and to communicate with one another.

Let them know that you want to accelerate and publicize mistakes, not retard and hide them. As long as everyone learns from them, mistakes are good.

Being a leader of innovation means showing your employees that change is fun, but also being sensitive to those employees whose job it is to implement and coordinate the change. Never allow your business to become divided between innovators and implementers. If you do, you will discover that too many good ideas are subverted by accidents, unexpected obstacles, and competing obligations.

Make every employee a part of the company's commitment to innovation. Praise the action people (implementers) as much as you praise the idea makers (innovators).

The process starts with you. To make your company good at innovation, you have to become an instigator of new ideas. Some of those ideas will be big ones—ideas for new products. But most of those ideas will be smaller—ideas about improving product delivery or taking orders or buying advertising.

Accelerating your company's growth through product development requires all sorts of new ideas. So be sure that all your employees—not just your research and development (R&D) people or your marketers—think of themselves as innovators.

Let your employees know how much you appreciate good new ideas in every area, including customer service, accounting, marketing, technology, sales, and product development.

—Mark Morgan Ford

How to Make People Glad to Help You

To avoid giving offense or arousing resentment, the effective leader **should keep the following guidelines** in mind when it is necessary to change attitudes or behavior:

- Be sincere. Do not promise anything that you cannot deliver. Forget about benefits to yourself and concentrate on benefits to the other person.
- Know exactly what it is you want the other person to do.
- Be empathetic. Ask yourself what is it the other person really wants.
- Consider the benefits that person will receive from doing what you **suggest**.
- Match those benefits to the other person's wants.
- When you make a request, put it in a form that will convey to the other person the idea that he personally will benefit.

We could give a curt order like this:

"John, we have customers coming in tomorrow and I need the stockroom cleaned out. So sweep it out, put the stock in neat piles on the shelves, and polish the counter."

Or we could express the same idea by showing John the benefits he will get from doing the task:

"John, we have a job that should be completed right away. If it is done now, we won't be faced with it later. I am bringing some customers in tomorrow to show our facilities. **I would like to show them the stockroom, but it is in poor shape. If you could sweep it out, put the stock in neat piles on the shelves, and polish the counter, it would make us look efficient and you will have done your part to provide a good company image.**"

Will John be happy about doing what you suggest? Probably not very happy, but happier than if you **had** not pointed out the personal benefits. Assuming you know that John has pride in the way his stockroom looks and is interested in contributing to the company image, he will be more likely to be cooperative. It also will have been pointed out to John that the job would have to be done eventually and by doing it now, he won't be faced with it later.

It is naïve to believe you will always get a favorable reaction from other persons when you use these approaches, but the experience of most people shows that you are more likely to **change attitudes this** way than by not using these principles—and that is your benefit.

—Dale Carnegie

Getting the Most Out of Your Professional Managers

Corporate executives are good at solving problems. But they are bad at creating growth. When you bring them into your business as professional managers, give them the latitude and support they need to do their jobs. But don't allow them to dictate policy to you. Ask them to help you achieve your goals.

If you see that they are bent on implementing foolish, counterproductive ideas, fire them. But don't put "yes" people or marketing mavens in their place. They are called managers for a reason. Let them do the managing.

Understand and accept your differing personalities.

- You like selling, innovation, and speed. They don't.
- You like Ready, Fire, Aim. They like planning and preparation.
- You like cocktail-napkin guesstimates. They like 500-line budgets.
- You believe in accelerating failure. They believe in avoiding it.
- You like your freedom. They want to control you.
- They love consistency. You think it's the "hobgoblin of little minds."

In short, professional managers have ideas and instincts that are contrary to yours. So why do I suggest you bring them in? Because your business can't continue to grow without them.

To get to the next level, you have to solve the big problems you've been having. And the solutions need to be foundational, not temporary patches that will fall off over time. To be able to handle the third stage of your company's growth—from \$10 million to \$50 million in annual revenues—you need to have all of your operational activities running smoothly.

That can be done pretty easily if you are willing to let these people help you. That's what they are trained to do. Give them the tools they need, and let them go to work.

—Mark Morgan Ford

HOW TO RUN A GREAT MEETING

"It was the worst meeting ever," the exasperated manager said. "A complete waste of time."

I asked him to elaborate.

"It all went wrong before it even began because no one was prepared. There was no set agenda, no set objective, and no one had any idea of when their mission would be accomplished. That invited the 'idea fairy' to show up and a whole bunch of stupid ideas to surface."

The meeting he was referring to resulted in three wasted hours that he and his colleagues will never get back. It happens at the largest organizations, at every level. And it's almost certainly happened to you.

But the problem can be fixed. Running a meeting well is a skill that you can easily develop. Here's how to do it...

Step #1. Limit the meeting to the right people.

The importance of having all the right people and none of the wrong people in a meeting cannot be overstated.

Every person in the room should be there for a specific reason. If you can't look around the room and explain very succinctly why each person is there, you're wasting someone's, and potentially everyone's, time. Each person should be expected to either contribute to specific decisions that will be made OR take an action that will be required after the meeting ends.

Step #2. Establish yourself as the person in charge of the meeting.

Every meeting must have a clear leader. The leader drives the agenda forward. He keeps the meeting focused and moving. If the discussion starts to drift into side conversations, he gently interrupts and brings everyone back to the purpose of the meeting.

You can usually boil down the purpose of a meeting to one (or a combination) of the following:

- Making Decisions
- Planning
- Information Sharing
- Brainstorming/Problem Solving

The meeting leader must know how the purpose relates to the agenda, meeting objectives, and every activity in the meeting.

Step #3. Make sure all the attendees know what you intend to accomplish.

Every meeting must have a clear purpose and a stated measurable objective (MO).

You should be able to say, “By the end of this meeting we will have decided X and Y. We’ll appoint a driver to take responsibility for X, and we’ll put together a rough timeline for when Y will be launched.”

You should state the MO when the meeting begins.

For example:

“We have a lot of membership renewals coming due and we want to improve the retention rate of our subscribers. To do this, we are going to test email reminders compared to the postcards we use now. So the purpose of this meeting is to decide how we’re going to roll this test out.”

“By the end of the meeting, we’ll know exactly what we want to test. We’ll decide on an approach to the copy that we’ll be testing. We’ll know what logistically is required to pull off the test, and we’ll assign specific tasks to individuals to execute the test.”

You can even write the MO on a flip chart or white board for everyone to see and focus on throughout the meeting.

At the end of the meeting, you should all agree on the achieved MO. If you are able to do that, everyone will feel that the meeting was a productive use of their time.

Step #4. Document, in writing, the decisions you have made.

Assign someone to write up a summary of the plan decided upon, including the individual tasks assigned, the owners of those tasks, and the deadlines. This summary should be emailed to everyone who attended the meeting, as well as anyone else who may be involved in the project.

And, finally, assign someone to follow up—to make sure the tasks are done and the deadlines met.

Follow this simple blueprint and you’ll maximize your meeting time. You’ll get three times as much work done and dramatically increase your productivity.

—Matt Smith and Craig Ballantyne

— *Snapshot in Time* —

Friday, September 14, 2007

Two Kinds of Meetings

Are staff conferences and retreats worth the effort?

Maybe.

We've just spent a week with the *International Living* team. Now IL is a special case. They have operations in a dozen different countries. The headquarters is in Ireland... while Kathie, who has run IL for the past 20 years, lives in France.

There is also a major presence in Panama and another one in Mexico. Even groups that work together closely—like the Internet marketing group—include employees on different continents.

IL needs to have group retreats just so employees can meet each other, identify problems, figure out solutions, and get on the same page. Plus, Kathie has decided to take a sabbatical, leaving the organization in need of new management. So, they all packed their bags and came to Courtomer.

What was accomplished? It's hard to say. Many problems and opportunities were brought to light. Many people voiced ideas and opinions that probably would have otherwise remained unheard. And contacts were deepened. Your author heard voices laughing and singing outside his window until 4:00 a.m.!

Will any of this have any effect on the bottom line? We don't know.

There are two schools of thought. One is that meetings of any sort are a waste of time unless there is a clear agenda and a specific bottom-line objective. And then, the meeting should be as short as possible in order to achieve the objective.

The other way of looking at it is that meetings—or at least some meetings—should be used to discover opportunities and problems that you don't know exist. You can't really put them on the agenda... or plan to talk about them... because you don't know what they are.

This line of thinking holds that meetings should be open ended... with an open agenda... so that the unknown items are allowed to reveal themselves.

We gave the matter some thought and came to the conclusion that you need both kinds of meetings. There are two different kinds of thinkers (or there should be) in an organization... and there are two different functions an organization must be able to do.

One group of thinkers typically wonders if the organization is on the right track... if it is doing the right thing... if it has the right people to do it... if it is worth doing what it is trying to do. These kinds of

strategic considerations do not lend themselves to tight, well-defined discussions.

They require rather loopy, irritatingly vague discussions... often where the specific purpose is unknown. They may be thought of as strategic considerations in preparation for war. "Is this campaign really worth it?" is a question that needs to be asked. "Is the strategy correct? Is it winnable? What will happen if we do win?"

In war, typically, there is not enough time spent on these questions, to great regret later.

But once the decisions are made... and the objectives outlined... you need a different kind of thinking. You need crisp, disciplined, results-oriented action. You don't want people wasting time or money with second thoughts and aimless discussions. You want short meetings... quick decisions... and trim, goal-oriented teams to carry them out. You want to reach your objectives. Then, you can have another big retreat.

—Bill Bonner

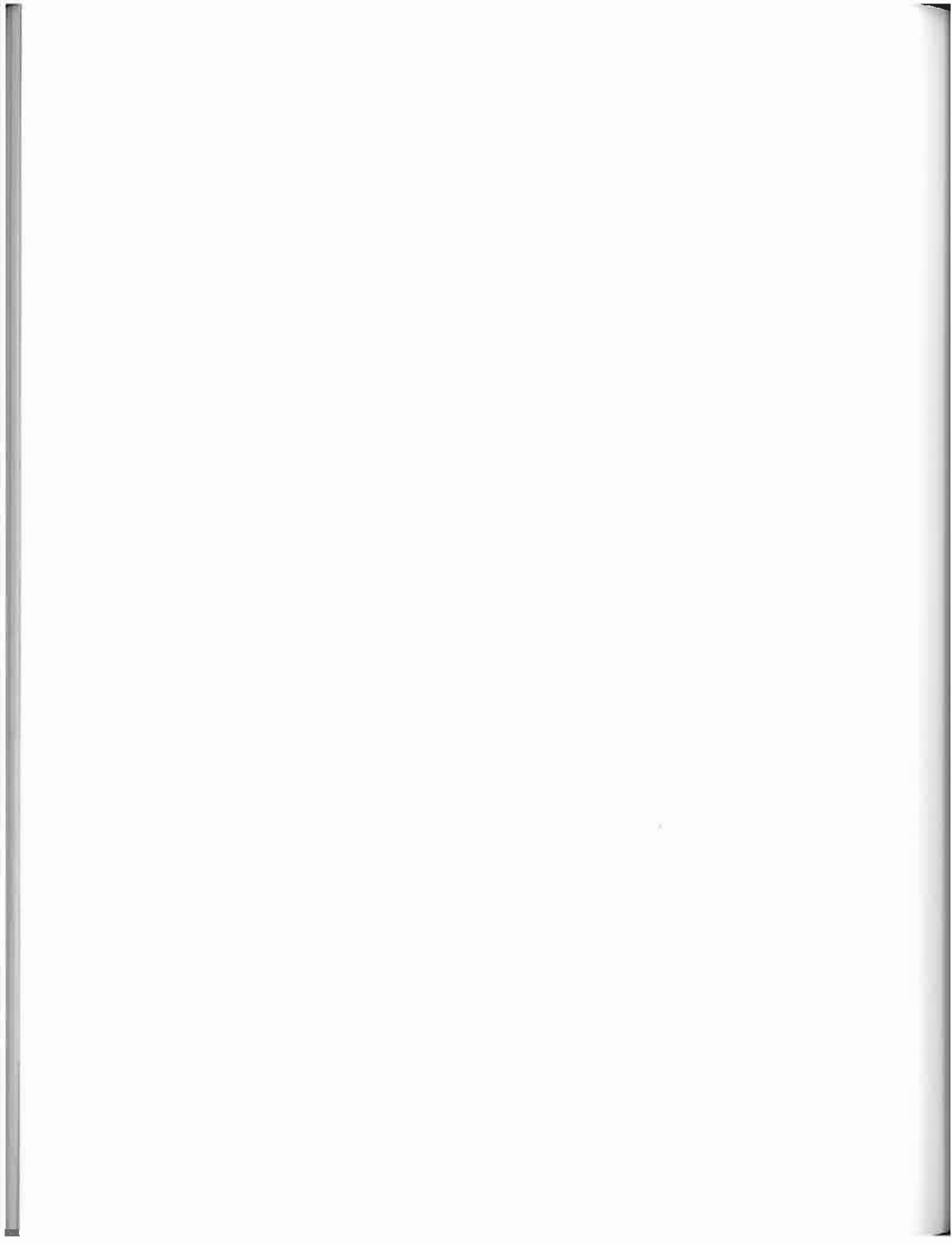
How to Write a Great Memo

When writing memos, there are certain basic rules, which, if followed, will make your communications clearer and stronger. Here they are:

- Before you begin writing, figure out what you want to say.
- Don't try to say too much. Each memo should focus on one and only one topic.
- Begin each memo with why it is important, why it matters to the business, and how it will benefit the reader.
- Keep your paragraphs short, and limit each paragraph to a single idea.
- Write clear, concise sentences, and make sure each one expresses a single thought.
- End the memo with a recap of why your message is important to the company and how it will benefit those reading it.

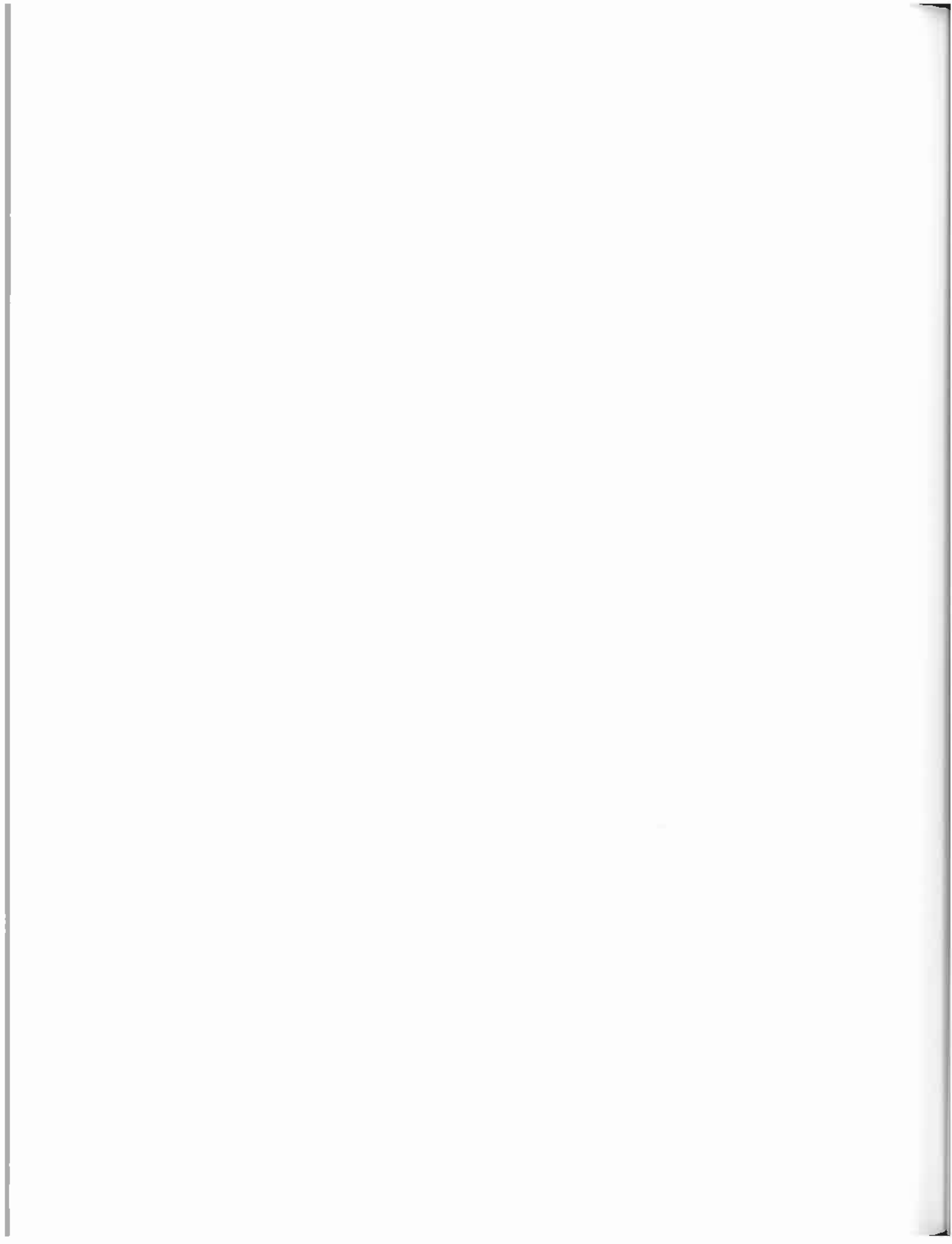
For all of your written business communications, the bottom line is this: Good writing is good thinking clearly expressed. Think well. Write simply. Avoid ornamentation.

—Mark Morgan Ford



CHAPTER VII

MANAGING THROUGH TOUGH TIMES



— Snapshot in Time —

Saturday, February 9, 2008

When the World Is Coming to an End

Our world is coming to an end. The credit cycle has rolled over... it's now headed down. Stocks and property in most areas are in bear markets. Credit is contracting; it's no longer expanding.

What this means is that we need to be prepared for slower sales in our investment products... especially in our high-priced trading services. These products are the equivalent of hedge funds in the financial industry. They promise high returns but come at a high price.

When investors begin to doubt the promises, they'll cut back on their purchases of these products.

Not that I know this for a fact. It is just conjecture informed by experience. But you should be ready for it...

How?

1. Avoid costly expansion that can't be readily abandoned.
2. Build up the quality of your core products. The deeper and stronger the relationships, the fewer subscribers will cancel when the going gets tough.
3. Try to strengthen your publishing projects in other sectors—that is, in things that do not involve expensive financial products.
4. Hold onto cash if you've got any. Cut expenses. Tighten up. Even if sales do not fall, you'll be glad you did.
5. Check your claims and guarantees... watch out for promising too much... wonder how subscribers are going to feel if the service loses them money.

—Bill Bonner

— Snapshot in Time —

Friday, October 31, 2008

Have a "Plan B"

You should have a "Plan B" in your head with regard to staffing.

We manage our overhead to match our net revenues—which means in this environment it's very likely more employees will have to go. So I want you to be prepared to cut 50% of your staff.

While I don't think our cuts will have to go that far, it's certainly possible. I expect the coming recession to be bad—the worst since '73-'74. And maybe the worst since the Great Depression.

The markets are experiencing their worst monthly and annual performances since the Great Depression. Blue chip stocks are down 40%. Commodity related stocks are down more. Many of our subscribers will lose faith in stocks for some period of time. We'll continue to diversify our product offerings, but it will become much more difficult to sell investment newsletters.

Some of our competitors will probably go out of business—especially if they've become too focused on high-priced back-end products. We won't go bust if we continue to match our expenses with our net revenues and if we're creative with our product development. But we cannot afford to operate in the red, not even for a quarter, in the face of this serious downturn in the markets.

Our biggest problem, so far, has been a profound increase in refunds. Overall, our sales this year are up 21%. But our refunds are up 52%.

Most of the refunds come from trading services and Web advertising. But we've also seen a very significant rise in refunds on the front end of the business. Front-end direct-mail refunds are up 80% this year, despite us mailing less. Online front-end refunds are up 78%.

Something has changed, substantially, in either our marketing or our customer base—something that's making people refund at a much, much higher rate.

Questions:

- What can we do, short of less marketing, to reduce the front end refund rates? Copywriters get to choose which products to work on... they need to choose more wisely. We have to stop incentivizing them to make promises we can't keep.
- What can we do to reduce the amount of Web advertising refunds? I wonder if we could cut deals with people that minimize our refund liability? For example, we could ask to cap refunds to 50% of revenues for all dedicated emails.
- Spending on travel this year is up 43%. I don't think we've gotten a very good return on this

investment. Until we're out of this down cycle, I don't think we should do any more travel.

I hope I'm dead wrong about the impact a weak economy will have on our business. But we have to prepare for the worst, just in case.

—Porter Stansberry

— *Snapshot in Time* —

Saturday, March 15, 2008

A Stronger, More Solid Business

We are entering a period of volatile financial markets. Volatility is not bad; it actually heightens our subscribers' sensitivity to investment news and opinion.

But it also makes them cautious. Or should. Be aware that much of the success of our financial publishing in recent years has come from wide margins on expensive back-end products. Just a prediction: Those margins will narrow. Investors will begin to favor safety over risk-taking. As a result, they will pay less for investment advice.

How can you prepare for this? With solid front-end products at reasonable prices.

Here's my suggestion: Divert time and resources from the back end to the front end.

Build up your list of loyal, paying subscribers.

Devote 80% of your time to the front end... the low-priced entry-level products... and only 20% to the back end, the expensive, high-margin trading products.

The front end is harder. It may appear less profitable initially. But in the long run, you will have a stronger, more solid business.

—*Bill Bonner*

— Snapshot in Time —

Friday, July 18, 2008

In a Bad Investment Cycle, Take a Tip From Richard Russell

Myles tells me that while our sales are still increasing, our profits are not. Of course, we don't know why... but we can guess. Stock markets are going down—all over the world. More than likely, our subscribers are losing money—along with everyone else. They are bound to begin asking questions—such as “Do I really need this newsletter?”

Generally, expensive services depend on good results. People will not pay for a \$1,000 trading service unless the performance is good. But as you go down in price, the quality of the relationship itself—not just the investment returns—becomes more important.

Subscribers want results. But not only results. They also want explanations. Opinions. Ideas. And there are times when explanations are more valuable than results. In a period when stock prices are declining, for example, it is more valuable to a subscriber to explain to him why he should not be investing in stocks... than it is to give him a “hot tip.”

There is much more to making and keeping money than just buying stocks.

Richard Russell is in his mid-80s. He's been writing his *Dow Theory Letters* for about 50 years. With no advertising, no promotion, no marketing, no lifetimes or back ends, no staff (maybe one part-time assistant), he has about 10,000 subscribers paying him \$300 per year. (You do the math!) He has never picked a stock... and provides only general investment advice.

So how does he maintain subscribers even when the markets are going through a bad cycle? He makes sure that he gives them information that's worth paying for. Here's how he does it...

After half a century in the advisory business I've learned a few things about success and survival, and I want to reveal some of what I've learned.

First, you have to be able to write. I started out wanting to be a writer. Had it not been for my fascination with the markets, I probably would have been a professional writer. I think I could have made a living at it. But that's beside the point. I love to write.

I often receive letters from people saying, “Russell, you've been doing this for too damn long. Why don't you cut down, maybe write two or three sites a week. That would be enough for most people. And it would prolong your life.”

And my answer is that for me, it isn't work. I just love writing. I could write three times as much every day. Sure I could cut down, but I don't want to. I'd be bored doing nothing on the days that I wasn't writing. I really like to write.

My advice—if you don't like to write, if you can't express yourself in writing, do yourself a favor, stay out of this business.

From another standpoint, I read a lot of advisories which simply present dry stock market facts and opinions. These advisories are a dime a dozen. There are literally hundreds of them. And they're boring. They don't grab me.

So next lesson—I don't care how brilliant you are, if your subscribers or would-be subscribers find it a task to plow through your work, you're going to fail. Your first job is to write interestingly enough so that someone wants to read your output. If they can't get into what you're saying, stay out of this business. You'll surely fail.

The next item. Do you have anything interesting or informative to say? One thing I try to do is provide at least one item of interest on every site. I have a long list of millionaires, billionaires, who subscribe to these sites. Most of them make more money in a year than I'll make in a lifetime. I wish I could list some of their names for you, but these people prefer to remain anonymous.

The point is, why would these highly successful big time moneymakers want to read the sites. I can only guess that they find them interesting enough to spend five or 10 minutes a day to read them. They certainly don't read these sites for tips on what to buy.

I often write a few paragraphs or more and sit back and ask myself, "Is this just hog wash? Would I want to read this stuff myself?" If the answer is that it's just dribble, I wipe it out and start over. So ask yourself, is what you're writing something you yourself would take the time to read? If what you're turning out doesn't fit that criteria, you're in trouble. You're not going to last in this business.

Next, do you have a background that might be of interest to your subscribers? That always helps. I'm lucky, I have a few things in my background that are sort of unique, at least they are when you put them all together.

I grew up in NYC during the Depression, I was in combat during WW II, I was in the first group of men who attended college under the new GI Bill.

I had a heart attack and lived, I had a double hernia (unbelievably painful), I had mastoiditis and almost died, I rode motorcycles for half a century, I had three wives and am buddies with all of them, I had five kids, a boy and four girls, one of whom is autistic, I've lived on both coasts, I've been mugged in both NYC and San Francisco and lived through both attacks, I've outlived most of my friends, and I'm still smiling.

Aw, let me put it this way—I've had a pretty interesting and eventful life, and once in a while I write about it. All of which helps to keep the sites interesting, at least I hope it does.

I also have opinions about almost everything, and I sometimes (to the consternation of at least a few subscribers) slip those opinions into these sites. I also have rather thick skin, because if I say something like "the Iraq war is a damn fraud," I catch hell from a number of subscribers who call me a traitor or a yellow-belly or some other epithet that I'd rather not repeat. I thank them for their kind words and for taking the time to write. Once in a while they'll cancel. But most of the time they don't. They've said what they want and got it off their chests...

At any rate, I hope the above observations will be of some use to you advisory guys and gals.

—Bill Bonner

— *Snapshot in Time* —

Friday, October 3, 2008

The Cynical Financial Press

What a week! At least for those of us in the financial markets.

"You must think this is the worst week in the last 50 years to launch a new financial magazine," I said to the group at the French *MoneyWeek* launch party.

About 150 people attended—other publishers, financial journalists, potential advertisers, and our own MW team, headed up by Fanny and Simone.

"Actually," I continued, "this is a good time. The events of this week remind us how important it is to have a skeptical, realistic, even cynical financial press."

Generally, the financial press has been as credulous as investors themselves. The press was ready to believe anything... if there was advertising money attached. And now, most of the financial press looks as foolish as Dick Fuld or Jimmy Cayne (the fellows running Lehman Bros. and Bear Stearns, respectively).

"Our background is not the financial magazine business," I went on. "It's independent investment and economic analysis. Independence is very important. It enabled us to see what was obvious... but what almost no one else wanted to see... the coming collapse of the financial industry. We, and practically we alone, forecast the fall of Wall Street years before it happened."

The mainstream financial press couldn't criticize Wall Street. It made too much money from their advertising. We make our money from individual investors—not from the big banks and big investment houses. And the analysis we offer is always edgy... always contrarian... always reaching towards the limits of what is possible or respectable. And it's times such as these—when the unlikely happens—when we earn our money.

Trouble is, we're in the financial industry too. And when people lose interest in investing they lose interest in us—even if we've been right. They may need our alternative views and recommendations more than ever. But in a downturn, typically, it becomes harder to make a sale. So now we too have to cut back... trim our sails... and prepare for heavy weather.

At the launch party, Mark reflected on how he managed to stay in business and actually grow during difficult times:

[We] kept doing what we knew how to do... but harder and with greater intensity. Because we

live in an Internet world now, we can work harder and more intensely with greater efficiency. We can get daily feedback on what our subscribers are thinking, feeling, and wanting. So we need to talk to them, provoke them, sell them... more... not less.

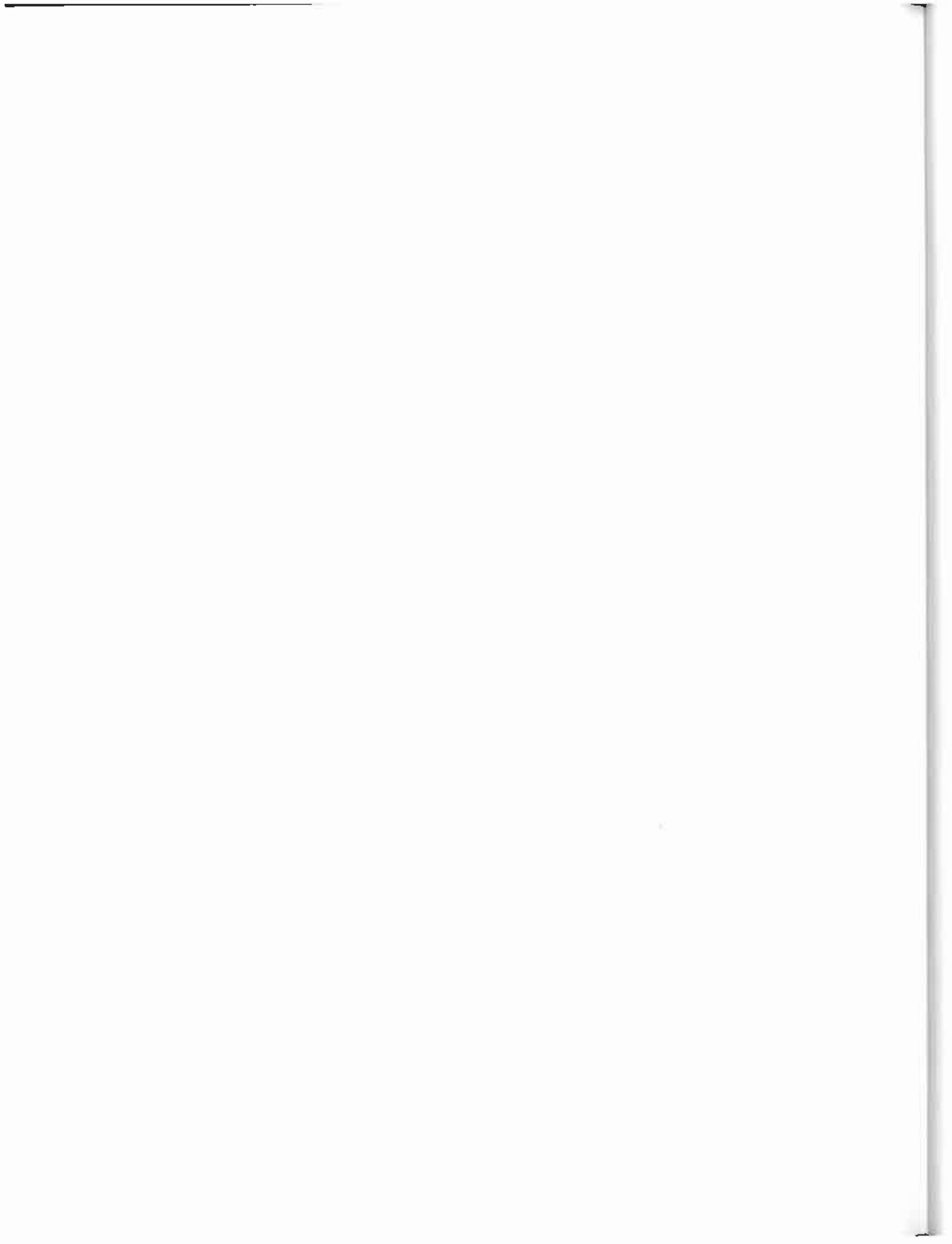
That is the main thing I would urge you to do. Focus on your core competencies... and take full advantage of the goodwill you have created. Our subscribers need us now more than ever. Their buying habits may change... even change rapidly. But that is all the more reason to have more frequent contact and get more timely feedback.

—Bill Bonner



CHAPTER VIII

**KEEP PUSHING YOUR BUSINESS
FORWARD**



WHY MOST GOOD IDEAS NEVER GET OFF THE GROUND

There is one reason most good business ideas and good product ideas never get off the ground: the desire for perfection.

I can't tell you how many times I've seen exciting ideas linger and eventually die on the development vine while the people who championed them tried to fix every potential problem they—or anyone else they talked to—could think of.

The nothing-less-than-perfect attitude has been the theme of many success stories, but it is exactly the wrong notion to have in your head when it's time to launch a new product or business.

For every product or business idea that has failed because it wasn't properly perfected before it was launched, a hundred never got launched because their champions got caught up in the make-it-perfect-first game.

People who are obsessed with playing the "what if" game are destined never to get out of the starting gate.

When the time is right to Fire, you must Fire. If you spend another moment Aiming at this point, the opportunity to hit your target may pass you by.

Microsoft is a perfect example of Ready, Fire, Aim in action. Bill Gates's strategy has always been to get new software out to the public as quickly as possible—bugs be damned!

Clearly, his thinking has been that Microsoft can always deal with the predictable bugs and customer backlash down the road. And the biggest Microsoft haters in the world would have to admit that it's a strategy that hasn't worked out all that badly for Bill & Friends.

And if you think that Apple always gets everything right before launching a product, how do you account for their constant upgrades? Yes, Apple's new products are always good. Good is what you are looking for. But they are almost never perfect at the outset. You can't upgrade something that's perfect.

Apple is a good company to keep in mind if you are having trouble accepting this idea of launching imperfect products. Apple's products are generally engineered better than Microsoft's—or so Apple customers would have you believe. But they are always subject to improvement. Imperfections are really just profit opportunities waiting to be seized.

My argument, in a single sentence, is this: Getting things going quickly is more important than planning them perfectly.

So get your products ready. Then launch them. There will be plenty of time to perfect them later if they sell well now.

—Mark Morgan Ford

Using the Magic Product Cube

Getting through the second stage of business growth requires you to come up with a lot of new product ideas. An easy way to do that is to think of product development as a cube that has, as cubes have, three dimensions.

One dimension is going to be price. A second will be product type. And the third will be the unique selling proposition (USP).

Let's say you are in the business of selling golf equipment. The three dimensions of your new-product cube could be:

- **Price:** You have three levels—inexpensive, moderate, and expensive.
- **Product Type:** You sell golf clubs, golf paraphernalia, and golf balls.
- **USP:** You have three golf pros under contract who will endorse products for you—Tiger Woods, Bubba Watson, and Joe Bailey.

Thus, you have a cube of three times three times three, or 27 possible products. Your Tiger Woods collection would include three different price levels of clubs, three different price levels of paraphernalia, and three different price levels of balls. The same goes for your Bubba Watson and Joe Bailey collections. Each collection has nine options to offer. That gives your customers 27 different choices.

Customers might start with your cheapest offer—the Joe Bailey Budget Collection, and gradually upgrade twice, eventually purchasing everything you sell in that collection (which might be a hundred items in all).

At some point, they could switch to the Bubba Watson series, and then the Tiger Woods series.

If you get a fourth pro to sign on, that gives you an additional nine categories of products. Your customers would benefit by seeing their choices increase from 27 to 36.

Add a fourth price level (super-expensive) and a fourth type of product (golf memorabilia), and your product lines increase geometrically. Now you are at four times four times four: 64 products!

Coming up with half a dozen or a dozen or even 64 product ideas doesn't seem so crazy when you break it down this way. You can see very quickly how many of those ideas are simply geometric variations on a theme.

It shows you very quickly all the products you could possibly create. Determining which ones you actually develop requires a less formal way of doing things. That requires observation and intuition—paying attention to the market you are in and getting a feel for what is working and what is not.

—Mark Morgan Ford

— Snapshot in Time —

Friday, December 12, 2008

Tapping Into Erfahrung

Does your newsletter have a panel of advisors yet? Ask your subscribers to help out by joining your panel. Try to get them from different segments of your market. And then, pose the hard questions to them:

“You’re in the cement industry... how’s this downturn affecting you?”

“You’ve had to lay off a lot of people... what secrets can you pass along?”

“You’re a regular natural supplement user... what do you find works best for fatigue?”

Your panel will provide their fellow subscribers with personal examples... and a type of information called *erfahrung*—information based on real experience.

Your readers recognize that this kind of advice is authentic and useful. Also, they see themselves in the place of the person offering the advice—since the panel is made up of people like them who face the same problems they face.

A panel of advisors not only gives you more and better material (if you don’t have room for it all in the print version of your newsletter... put it on the website), it serves another vitally important function:

It helps you figure out what your subscribers are really concerned about.

Wondering what to write about? Ask your panel of advisors.

One further benefit: credibility. You should get your panel together from time to time and ask them for video testimonials... very important.

—Bill Bonner

INCREMENTAL IMPROVEMENT AS A BUSINESS-BUILDING STRATEGY

If your customers are happy with their purchases, they will reward you by making more purchases. If they are more than happy—impressed or astonished by the quality of each product they buy—they will recommend you to friends and colleagues. So, in the long run, it will be easier to grow your business if your products continue to improve.

To make that happen, you must engage in a program of “incremental improvement”—regularly upgrading your products by small degrees, even when there is no evidence that your customers are in any way unhappy with them.

Incremental improvement is an ongoing process. Once or twice a year, you get together with your product development team and figure out how to make the product (and the experience of buying the product) more useful and/or enjoyable.

Profits count. You know that. Keeping your business profitable is the best and only way to ensure that it can continue to pursue its mission, which is to provide your customers with increasingly better products over time. In making improvements, therefore, you have to make sure that the improvements are paid for out of your profit margin.

Yes, you can make money without improving your products... at first.

But there is no natural momentum to the business. Sooner or later, it will fall apart.

Don't pay attention to people who believe that cutting product quality is okay so long as customers don't really notice. And don't partner up, or do business in any way, with people who speak badly of their customers. Take the high path. Improve your products. Be smart about it, but keep improving them.

—Mark Morgan Ford

— Snapshot in Time —

Friday, August 8, 2008

A Fresh Pair of Peepers

A simple insight struck me this week: You can make a lot more progress when you have someone to talk to.

Mark has spent the last six weeks in London. As usual, I was coming and going. **But** when I was in the office, I had someone to talk to who has about the same level of experience as I have... and who faces more or less the same sort of problems. While I was out of the office, Mark studied the problems and came up with a number of good solutions.

Now you might think that, after working together for the last 15 years, we'd know each other's tricks. **But** we each have our own way of seeing things. I had been looking at them with only mine own eyes.

As a result, the projects I had been working on had progressed... but only as far as I could see to take them. Mark came in with a fresh pair of peepers. He brought a new perspective. So we were able to push things forward much better than I could on my own.

This gives rise to an obvious suggestion: No matter how much experience you have... always look for **help**, at least someone you can talk to.

—Bill Bonner

HOW TO CREATE VERY PROFITABLE LONG-TERM CUSTOMER RELATIONSHIPS

Yesterday, I was walking down a fashionable street in Bucktown in Chicago when I saw a large poster in a shop window that shouted "Children's Yoga—Sign Up Here!"

I looked up above the poster at the store's marquee, expecting to it to be a yoga studio. Instead, it was a children's clothing store. "That's smart," I thought, "very smart."

Indeed, if the woman who owns this store knows what I think she knows, she will have a very successful, growing business. What I think she has figured out is the first requirement of good marketing: Know what your customers really want. In this case, she knows that her customers—young women with children, for the most part—want to give their children a rich and productive growing-up experience.

She hasn't settled for the most obvious and superficial conclusion: "The people who come into my children's clothing store want clothes for their children." She knows that if clothing their offspring were their main desire, there are other stores—discount outlets and department stores—where these young women could get a wider selection at better prices.

She has recognized, in renting space on a fashionable street and stocking her store with expensive, hard-to-come-by clothing, that she is going to be selling to a certain type of young mother—an affluent, educated, and upwardly mobile woman who sees the success of her children as a direct reflection of her. Perhaps because this store owner is such a mother herself, she understands that her customers are interested in much more than clothing.

What her customers really want is to do everything possible to give their children the best of everything. And for these mothers—being young and affluent and upwardly mobile—that means indulging them in all the latest trends in quality living. One of these trends is surely yoga. Yoga is practically *de rigueur* among wealthy 20- and 30-something mommies these days. If it is good for the mommies, why wouldn't it be good for the children, too?

I don't know how this clothing store merchant has managed to offer kiddie yoga classes, but it's likely that she made a deal with a local yoga teacher who agreed to provide free or low-cost lessons in hopes of securing other, more lucrative business from the store's customers later on.

For the merchant, the strategy has at least two obvious, commercial benefits:

1. It could bring new customers into the store who find the yoga idea fascinating.
2. It could stimulate a spurt of new buying: yoga outfits for children.

But the most profound benefit is likely be the effect it is having on her existing customers—the sense they get that she understands who they are and what they really want.

If the owner of this children's clothing store really does get it, the yoga classes are just a single step of a lifelong journey she is embarking upon. Understanding what her customers really want (a life of privilege and advantage for their children), what other things could she offer them?

How about carrying a line of expensive educational toys and inviting someone to lecture on early childhood education... so her customers can make sure their children become the geniuses they are meant to be?

Or maybe she could do something with a local music conservatory—arrange for free introductory piano lessons, and then feature a line of clothing appropriate for giving recitals. (Every promotion doesn't have to result in a direct sale, of course. Goodwill is enough of a return on investment now and then.)

As the children of her current customers grow up, so could her product offerings. If her customer base is sufficiently large, in fact, a children's clothing store could give birth to a teenage clothing store.

Likewise, she could create new product lines connected to her customers' lifestyles—traveling outfits and luggage for summer, skiing outfits for the winter holidays, and so on.

With each promotion, she could sponsor a special event—lectures, demonstrations, tastings, and the like. By making strategic alliances with other local businesspeople, she could provide most of these extras to her customers at no cost to her.

If this shop owner is as good as I hope she is, she is already collecting the email addresses of her customers and is sending them ideas on a regular basis. She is surely sending them announcements about special events (such as the yoga classes) and sales, but she should also be sending them advice that helps them achieve their long-term goals for their children.

She should be sending them a monthly newsletter that talks about all the great new parenting books and information products that are specifically geared toward affluent parents. She should be talking about what events are taking place in the store and what new ones are being planned. And she should be including testimonials from customers who have attended her special events in the past.

The wonderful thing about the Internet is that it makes this sort of communication easy and affordable. She can email her subscribers informally whenever she has something to say. If she reads something interesting in *The New York Times*, say, she can pass that along to them. If she is thinking about bringing in a piano teacher to give introductory lessons, she can ask her customers if that's something that would interest them.

The key thing she will have to remember is that everything she does has to be consistent with her understanding of what her customers want for their children. She should never offer them anything, whether she charges for it or not, that is not in keeping with the reputation she is building.

By continuing to build on what it appears she has already figured out about her customers, she will have a very profitable and growing business for years to come.

—Mark Morgan Ford

— *Snapshot in Time* —

Tuesday, March 19, 2013

A Serious Letter to My Readers

Every once in a while, we get an email from an angry subscriber. Here's a recent example:

"Still looking to get those 'five words' I need to say to get the silver coins from the banks. I'm going to have to cancel out all of my subscriptions with Stansberry if I don't get what I pay for, it's not ethical for a company to not deliver what they promise." —Paid-up subscriber Jim

I'm genuinely curious about something...

Given that we offer a money-back guarantee on all our products... and given that we've been in business, operating from the same address since 1999... and that our partners, Agora Inc., have been in business, from the same address for well over 30 years... and given that Stansberry & Associates is now the largest independent financial research firm in the world...

Does Jim really think we are deliberately not providing him with what we've promised: the report on the "five magic words" to get silver from a bank?

Wouldn't you think it's far more likely that:

1. The email we sent to him was inadvertently placed in a spam email folder on his computer... or maybe was filtered from reaching him in some other way, perhaps by his Internet service provider? This happens all the time. Did he check the "spam" folder in his email account? Or maybe something even more common (and innocent) happened, such as...
2. Perhaps he didn't open the email with the link to that particular special report? Lots of email slips by users if they're away from their computers for a day or two.

Or...

3. Maybe he simply didn't recognize the title of the report with the content that he was seeking. The title is: "The Free Silver Loophole: How to Legally Remove Silver From the U.S. Banking System."

That report, by the way, is posted on the Stansberry & Associates website. As a subscriber, Jim could have simply gone to the website and read it any time he pleased.

But that's not really the point, is it?

Given all of the ways that information can be misplaced, misunderstood... or even forgotten about these days... why is it that some subscribers IMMEDIATELY assume that we're at fault?

Even worse, they conclude we've done something intentional, something "unethical" or nefarious, to defraud them?

I truly don't understand why they leap to this conclusion.

Unlike just about everyone else involved in financial services... everything we do is completely transparent...

1. We sell independent financial information—most of it for a very low price (less than \$100 per year). We don't allow our analysts to own the stocks they cover (independence). We don't provide any brokerage or investment services (independence). We don't accept any form of compensation for the editorial recommendations we provide (independence).
2. We deliver our products through a wide variety of channels. We print and mail. We send email. And we post to our website, which is available to subscribers 24/7.
3. We offer refunds on all of our products. Our refund policy is so generous that we face a significant liability from subscribers who intentionally refund and defraud us. Many people also give us bad credit cards, write bad checks, etc. That's a cost of doing business that we face, simply to make sure our products are widely available and we can always part as friends with anyone who is genuinely unhappy with what he's bought. (Try asking for a refund from your broker. Let me know how that discussion goes.)
4. We staff professional, college-educated, customer-service representatives on every working day. They work in our headquarters and have access to our executives and editorial team. They do an outstanding, world-class job. They can immediately handle any questions about your subscription. They will immediately process your refund, if you're not happy for any reason.
5. We constantly publish the negative feedback we receive... so much that friends and supporters routinely ask why we "put up with" the complaints and give them such a public forum. (One exception... we don't usually run the letters that are so crazed we literally don't know what they're talking about—such as the dozens of letters we get every month bashing us for investments we've never recommended.)
6. We publish thorough and accurate annual "Report Cards" that rate our analysts and our publications according to the results of their actual track records and the risks they took. Last year, I gave myself an "F." Find another financial publisher who is half as honest with his subscribers—anywhere.

So... please... those of you who constantly feel threatened by us or worry that you're being served by some kind of a shady business... Please, tell me, what more I can do as a business owner to convince our dear subscribers that we're trying our very best to serve them—and only them.

I believe we have, by far, the most affordable and the most transparent business model in all of the financial services industry.

And yet... no matter how frequently investment firms sell their retail clients down the river (Merrill Lynch should be known as "Investors Lynched")... no matter how many times you see investment

firms calling their clients "muppets" and taking advantage of them... No matter how much money is stolen from investors through outrageous fees from banks, brokers, and hedge funds... We're the ones who get called "unethical" and constantly get emails like these... calling us crooks. I truly don't understand why.

—Porter Stansberry

— Snapshot in Time —

Tuesday, October 14, 2014

Developing the Super Franchise Model

Of the six international affiliates that have seen revenue growth in 2014, five were testing a new franchise model for adapting franchise ideas that we are calling “Super,” because of its international application.

So far this year, the five groups generated sales increases of 113%, 519%, 25%, 197%, and 140% versus this same period of time in 2013.

The three key tenets of the Super Franchise are:

1. *Adaptation of ideas that are working in the U.S.* Using successful ideas, but changing them as little as possible.
2. *Similar tactical execution.* Using the same emotional triggers, teases, hotlists, engagement devices, etc.
3. *Consistent and authentic experience.* Taking advantage of the best gurus, credibility, copy, editorial, and track records.

But we don't simply export successful copy or editorial ideas from the U.S. to the new international affiliate. We also provide:

- Proven working copy: launch, historical best, and most recent control
- The most effective pricing, offers, upsells, cross-sells, and downsells
- Specific marketing experience on pertinent lead gen and name acquisition campaigns
- Concrete editorial ideas: for free or paid eletters, front ends, and back ends
- Pre-existing credibility of gurus, content, track records, and recommendations
- Frequent conference calls on USP, emotional triggers, and rollout support
- Ongoing contact with executives experienced in previous launches
- On-the-ground, in-person help with training and execution
- A global support network of like-minded publishers

Our support extends to providing the affiliate with detailed insights into each division of its U.S. partner. This includes its copywriting, editorial, marketing, technology, telesales, customer service, finance, and operations teams. Going into a launch, the affiliate understands the critical roles it needs to fill, initial list-building techniques, and the fundamentals of copywriting. If any confusion arises, we arrange meetings with U.S. and international division heads to clarify.

To the extent possible, nothing about a Super Franchise rollout is left to chance, misunderstanding, or uncertainty.

We mainly focus on the seven core franchise categories that work for most of our publishing groups around the world:

1. Small Caps / Trading
2. Lifestyle / Wealth Building
3. Growth / Tech / Biotech
4. Macro / Political / Strong Guru
5. Income / Dividends
6. Fundamental / Value
7. Resources / Commodities

The Super Franchise Model is a work in progress, but we are generating new revenue as we are refining the strategy.

The two leading examples of the strategy are the Palm Beach Wealth Builders Club from Common Sense Publishing and Agora Financial's *Microcap Millionaires*. (Both launched in six countries.) But they are not full-fledged Super Franchises. They are still *super services*. (The word *service* clarifies that they are only single back-end offerings.) Even executed to near perfection in terms of USP, promotion, content, and so forth, they do not yet have the same dedicated franchise support of eletters and front ends we have developed in the U.S. And that is keeping them from achieving their full potential.

Moving forward, the challenge—and the opportunity—is to create complete Super Franchises that have the ability to provide customers with an authentic and premium Agora experience anywhere in the world. And we are on the verge of doing that. The next step requires an additional commitment of time and resources... both in the U.S. and internationally.

Premium pricing is one way we can objectively measure super service success. We have been able to demand high-end, U.S.-style pricing for the first time in several countries... Argentina, Brazil, Chile, China, France, India, and Spain to date.

—Rocky Vega

PUSH THE SPEED OF INNOVATION FOR ASTONISHING RESULTS

To change from a one-dimensional business into a product-producing machine, you will have to become good not just at innovation but also at speed.

It probably took several years to produce and market your first product. To take your business to the next level, you will have to move faster—at least twice as fast as you are comfortable moving right now.

I am talking about increasing the velocity of innovation. This includes the time it takes to brainstorm, develop, test, and produce new products. You can get better at coming up with good ideas. But if you don't execute good ideas quickly, they will degenerate over time.

Innovation matters. So does speed. Combined, they give your business extraordinary growing power. Incorporate them into your company culture, and you will have no problem breaking through the one-product, million-dollar barrier.

Let's put this in mathematical terms: $80\% \text{ of } G = IV^2$

Where G equals the second stage of business growth, I equals innovation and V equals velocity. If you prefer verbal axioms, think of it this way: The amount of growth a business can expect at the second stage of its development is directly related to its ability to generate and test new product ideas quickly.

As the leader of your business, you are responsible for its growth. Therefore, most of your time in the second stage of your business's development should be given to generating and executing new product ideas. You don't need to spend tons of time brainstorming. If you run your creative sessions well, you will be able to come up with plenty of good product ideas by spending just a day or two every two or three months drumming them up. But you will need to spend a good deal of time pushing those ideas along to fruition—conducting follow-up meetings, sending out follow-up memos, making phone calls, and reading reports.

There are, of course, plenty of other things you feel pressured to do during a typical workday, but you should do as few of them as you can. By now, you should have at least half a dozen people to whom you can delegate important responsibilities. Let them be in charge of operational tasks. Let them worry about customer service issues. Let them market your existing products. They should know how to handle all those things. If they don't, you have not been teaching them properly.

There is a time for everything, and now is the time to develop new products. That is now your most important role.

—Mark Morgan Ford

WHAT'S AHEAD

I've been thinking...

What's ahead?

Let's begin by looking backward. Our success comes from four factors:

1. Being in the right place at the right time. We were in the newsletter business with a young, ambitious group of employees when the Internet came along.
2. The franchise system. We didn't have just one way of doing things... or just one thing to sell... we had many.
3. Marketing insights, including alliances, lifetimes, auto-bills, and gauntlets.
4. A culture that tolerates all sorts of people.

I claim credit for some of it... I helped create the culture and had a hand in developing the Internet-based model.

Typically, or perhaps mythically, a business is created by lucky mavericks. Then, people who are better at process take it over and develop it further, with more management skill and greater attention to detail.

That has happened for us at home and abroad.

We had what was basically a collection of ideas, rules, reflexes, and protocols. Good managers could make them work, incorporating the latest new concepts and copy angles into what they were already doing.

At home and abroad, we have a number of good people who've been able to do this. As "publishers," you run the franchises. Our success depends on you.

At first, when we began our global expansion, we invented things that the overseas publishers were able to implement. The most dynamic publishers were able to build on the foundations that we had laid.

It is against this backdrop that I wonder what's ahead...

We can only stay ahead of the implementing game by inventing new things that implementers can implement. Mark had a breakthrough with his Common Sense approach. Now, publishers all over the world are trying to implement it.

We have created the business that I wanted when I was 25 years old. I get to travel wherever and whenever I

want. We have people all over the world implementing great ideas.

Trouble is, I'm not 25 anymore. I don't particularly want to travel. And the tough part is to figure out a business strategy.

Note that this will probably have more effect on you—the publishers—than it does on Mark and me. I intend to work hard for the next ten years. You'll probably be there for at least 20!

You don't want to work for a declining business. I don't want to leave one in decline. What that means to me is that we have to go beyond the current implementation system.

What I want to draw attention to most are the very real limitations of the "implementation system." Implementers can't do it on their own, in my opinion.

What tends to happen—we've seen this all over the world, for years—is that ideas degrade, get taken down a notch or two. So they still work... but less well. Or sometimes the report is that "it doesn't work here."

Also note that the core innovations—the cornerstones of the model—are rather advanced in age. Yes, we hope to come up with some more ideas and innovations. But they tend to be refinements... or incremental improvements. Small innovations of the sort an aging enterprise can accommodate.

We need more than that. We need a way to attract and hold real innovations, not push them away.

An observation: When Mark joined Agora 20 years ago, he brought something we didn't have. It wasn't just that we had another smart guy on the team. We had a whole 'nother way of doing things.

This caused a transformation in the organization itself. In other words, it was not just another pair of hands on an oar. Suddenly, the boat was going in a new direction. That's what real innovation... as opposed to incremental improvement... does for you.

But those real innovations are very rare.

In the implementation system that we have now, not enough people are in a panic. No one feels the barrel of a gun at his temple. Most people just want to avoid trouble, not cause it.

I credit Mark with another observation that is critical. You have to get rid of acceptable employees, he's said, or you never have a hole for an exceptional one.

In other words, as our franchises mature, they seem to become like older people... less innovative... and less growth-oriented. Over time, we can expect the same pattern with newer affiliates.

Agora is like a film studio that has had a run of good movies. Looked at from the outside, it looks like a durable business. Inside, we keep our fingers crossed for another hit.

For this to happen, publishers need a way to keep the best talent... and to attract new talent.

THE WRITTEN WORD is the key to our business. But we make no distinction between those who care about the written word and those don't. We have no different way to deal with the organizations that are word-sensitive and those that aren't.

Instead, we merely said, "If you are strong at numbers, get a word person as a partner... if you are strong at words, get a numbers person as a partner."

In fact, the numbers people don't always seem able to get a word person. It may be like innovation itself... something you can't organize... something you can't hire.

I also think it may be possible to introduce some expectations and some new value to being part of the group. That is, we may be able to create a network of businesses that are unified by a respect for *laissez-faire* management and also an intolerance of weak ideas and bad marketing. People must work hard. Ideas must be good and well expressed. Is that too much to ask?

We can't control the way in which you get your writers. And we don't control the quality of what they write. But that poses four problems:

1. Bad quality leads to weak sales and low growth.
2. Weak quality then becomes the dog in the manger... blocking the way for higher-quality people.
3. Poor quality in one group pushes related groups away.
4. Poor quality can also get the attention of the press, tarnishing everyone.

Agora was built on *laissez-faire*. But this leaves us no brand to offer customers or publishers. No guarantee that our stuff will be clever... worth reading... and rewarding.

Here, I will come right to the point, with a two-part strategy:

1. Elimination. We should eliminate marginal copywriters, marginal employees, and marginal products. We need to create openings for good ones.
2. Inclusion. We should bring the most innovative of our colleagues closer to us.

The first is fairly easy. The "law of entropy"... or something... maybe the "law of regression to the mean"... drags us down. We have to put in some energy to push us in the opposite direction.

Pruning alone will probably give more light and air to the healthy branches. But we should do things, sometimes symbolic, to make all of Agora more driven to innovate.

—Bill Bonner

RECOMMENDED READING FOR BOOK FOUR

- *Become a Recognized Authority in Your Field—In 60 Days or Less!* by Bob Bly
- *Getting Everything You Can Out of All You've Got* by Jay Abraham
- *Good to Great* by Jim Collins
- *How to Become a Great Boss* by Jeffrey J. Fox
- *How to Win Friends and Influence People* by Dale Carnegie
- *If You're Clueless About Starting Your Own Business* by Seth Godin
- *Influence: The Psychology of Persuasion* by Robert B. Cialdini
- *Made to Stick: Why Some Ideas Survive and Others Die* by Chip and Dan Heath
- *Positioning: The Battle for Your Mind* by Al Ries and Jack Trout
- *Ready, Fire, Aim: Zero to \$100 Million in No Time Flat* by Mark Morgan Ford (Michael Masterson)
- *The Agora Publisher's Guide* by Mark Morgan Ford
- *The Dumbest Moments in Business History* by Adam Horowitz, compiled by Mark Athitakis and Mark Lasswell
- *The Reluctant Entrepreneur: Turning Dreams Into Profits* by Mark Morgan Ford (Michael Masterson)
- *The Tipping Point: How Little Things Can Make a Big Difference* by Malcolm Gladwell